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WORLD NEWS

Noriega loyalists hold out

Widespread fighting continued in Panama as US forces sought to subdue troops loyal to General Manuel Noriega, the dictator being sought by the US on drugs charges.

US officers admitted that the paramilitary Dignity Battalions loyal to Gen Noriega had put up stiffer resistance than expected. Page 22; US enthusiasm fading, Page 3

Hurd resists Arab call

Foreign Secretary Douglas Hurd resisted calls from four Arab states for the EC to lift sanctions imposed on Libya and Syria in 1986. He was taking part in a Paris ministerial meeting between the European Community and the 22 Arab League members. Page 3

Italy's migrants decree

Italy's Cabinet passed a decree to make it harder for immigrants, particularly from the Third World and Eastern Europe, to enter the country. Parliament must approve the ruling within 60 days.

Tokyo deports 301

Japan has deported 301 Chinese boat people who entered illegally, posing as Vietnamese refugees. Page 3

Jay joins BBC

Former UK ambassador in Washington Peter Jay is leaving his post as publisher Robert Maxwell's chief of staff to become BBC business and economics editor. Page 5

Arms dump arrests

Two men were arrested by armed police in west Wales following the discovery of a cache of about 100lb of Semtex explosives, guns and detonators. They were taken to Paddington Green police station, west London, and detained under the Prevention of Terrorism Act. Page 4

BUSINESS SUMMARY

British Steel bid referred

British Steel's proposed £330m acquisition of C. Walker, the UK's biggest steel stockholder and distributor, is being referred to the Monopolies Commission. Page 22, Lex

SEARS ROEBUCK, the world's biggest retailer, has been charged with making false claims for its so-called "everyday low price" policy by the Attorney General of New York state. Page 10

VOLKSWAGEN, the West German automotive group, has set up a joint venture with East Germany for the joint development of cars and light commercial vehicles. Page 10

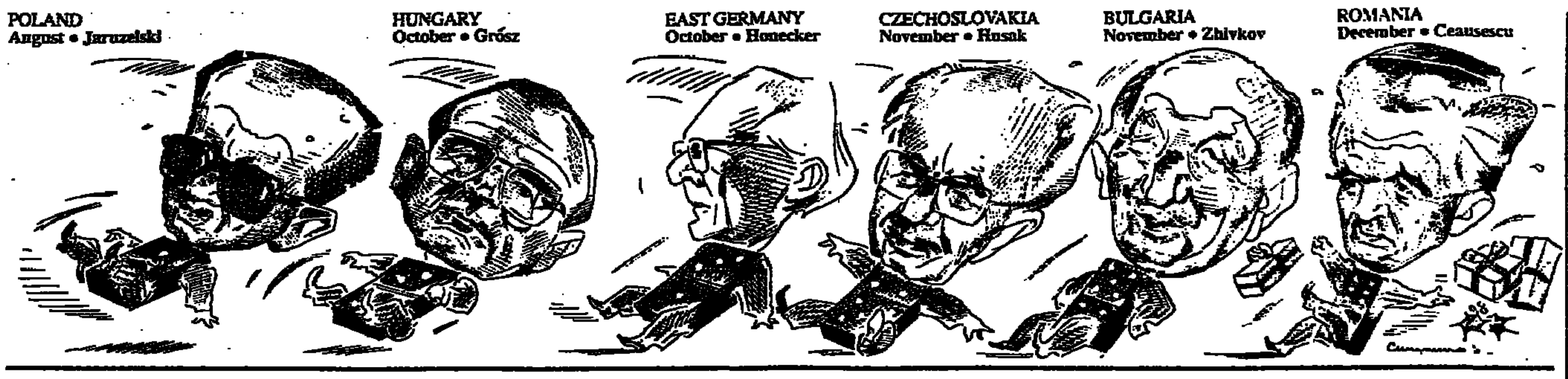
MAGNET, the kitchen and do-it-yourself retailer, is to restructure its finances. Chairman Tom Duxbury is expected to quit after a special meeting in February. Page 8

SMITHKLINE BEECHAM, the Anglo-American pharmaceuticals and consumer products company, is to sell its household products business in the US and Canada to the Benckiser group of West Germany for $106m (£66m). Page 9

SEA CONTAINERS, the ferry and container group fighting a $1.12bn (£690m) bid from Tipbook of the UK and Stena of Sweden, may set a date next week for its AGM and announce a buyer for one of its port facilities. Page 8

BLUE CIRCLE, cement and home products group, won control of Myson, boilers and radiators company, 24 hours after gaining clearance from the Monopolies Commission to renew its £197.5m bid. Page 8

AMERICAN Express is negotiating the sale of TDB American Express, its Geneva investment banking subsidiary, to Compagnie de Banque et d'Investissements, of Switzerland. Page 10



● Civil war in Bucharest ● Troops loyal to former President in street battles

Ceausescu is toppled and hundreds die

By Our Foreign Staff

NICOLAE Ceausescu, Romania's President and eastern Europe's last but one hard-line communist leader, was toppled from power yesterday, precipitating virtual civil war in Bucharest.

The former President was reported to have been arrested but troops loyal to him flooded into the capital, killing hundreds in street battles.

The events in Romania make it by far the bloodiest end to communist rule of any of the states which have made the transition this year – Poland, Hungary, East Germany and Czechoslovakia. The only orthodox communist regime left in Europe is in Albania.

The end of the Ceausescu regime, the most repressive and authoritarian of the east European nations, came suddenly and unexpectedly. Unrest in the Balkan state began when hundreds of people were reportedly shot dead by security forces opening fire on an unarmed crowd last Sunday in Timisoara, in the nation's west.

This was followed by demonstrations throughout the country, and eventually in Bucharest, the capital. Several people were killed in attempts by the police to crush these on Thursday night.

Mr Ceausescu tried to declare a state of emergency throughout the country yesterday, placing his security forces, police and troops on alert but several units of the army apparently joined forces with the protesters and the demonstrations then turned into a joyous outburst against the regime.

This turned sour when loyalist units of the army intervened. The Central Committee building and the Presidential Palace were on fire, the official Polish news agency PAP reported from Bucharest. It said security troops loyal to Ceausescu were marching on the capital from Ploiesti, 30 miles to the north.

An explosion partially wrecked the headquarters of the Communist Party Central Committee and the building was on fire, Soviet Television said. The fighting later spread towards Bucharest's international airport. The official Polish news agency PAP said: "Barricades of heavy military equipment were erected on the road leading towards Bucharest airport. Security troops have started a march from Ploiesti in the direction of Bucharest."

Dramatic pictures on Romanian television showed demonstrators waving the national flag in the square in front of the presidential palace as fire rang out overhead. On a live radio broadcast from the square, an army commander was heard barking out to the demonstrators to disperse so

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Ceausescu's fall, Page 2; A Catholic Christmas in Prague, Page 6

Romanian soldiers celebrate the overthrow of Nicolae Ceausescu

'I've waited all my life for this'

By Richard Donkin

"It's revolution mister, I've waited all my life for this," said Eugene Veance, a 26-year-old Romanian economist, who minutes earlier had been part of the dancing, swaying throng that had swept Nicolae Ceausescu out of power. "It seemed like the whole of Bucharest was on the streets."

Speaking from his flat in Bucharest, he said that workers, students and soldiers were dancing together and singing Romanian folk songs. Many were waving blue, gold and red national flags.

All the flags had the communist party emblem ripped out to celebrate the end of a hated regime.

Earlier, crowds had gathered in front of the Communist Party Central Committee palace, where, said Mr Veance, Ceausescu had made a final attempt to address the people from a balcony before he was driven back inside under a hail of sticks and bottles.

At about 2pm the crowd surged forward. Some got inside the palace as Ceausescu climbed into one of two white presidential helicopters waiting on the roof.

The helicopters dropped leaflets on the crowd making appeals for calm, but by this time people were in the palace hurling portraits and papers of the deposed leader out of the windows.

Part of the crowd got onto the roof, he said, and pulled down communist flags and hoardings.

"I cried in front of the television set," said Mr Veance.

"An army officer was asking soldiers to lay down their weapons, then we heard that Ceausescu had been captured and the whole crowd started chanting for him to be placed on trial," he added.

Mr Veance and his friends were caught in the street fighting the previous night between the Intercontinental Hotel and the university. Troops fired above the their heads and tanks smashed through a barricade of burning cars erected by the demonstrators.

Shooting had carried on into the night, but in the morning, said Mr Veance, the atmosphere changed, the secret police had vanished.

He said: "We went out into the streets and saw that the tanks had their guns hooded over, the first broadcasts were coming over the radio saying the Defence Minister had shot himself and that the regime was over.

"Many of the soldiers were cheering us, and people started climbing onto the tanks when they realised the army was with them."

Afternoon television bulletins reported that Ceausescu's helicopter had landed in Titu, north-west of Bucharest, about 15 minutes after it had taken off.

Ceausescu was reported to have been captured by a group of workers who had taken him to Tirgoviste. One of Ceausescu's brothers had appeared on television offering to do everything he could to help.

Maxwell poised to buy stake in BSB

By Raymond Snoddy

MR Robert Maxwell, the publisher, is negotiating to buy a £154m stake from Mr Alan Bond, the Australian entrepreneur, in British Satellite Broadcasting, the consortium which plans to launch five satellite channels in March.

If the deal goes through it could lead to direct competition in satellite television between Mr Maxwell, proprietor of Mirror Group Newspapers, and Mr Rupert Murdoch – the owner of five national newspapers and Sky Television, which launched four channels of satellite television in February.

The main shareholders of BSB, a £850m venture, are understood to have raised no objection to the financially-pressured Mr Bond entering negotiations with Mr Maxwell.

In financial terms Bond Corporation is the chief shareholder in BSB which holds the official Independent Broadcasting Authority 15-year franchise for direct broadcasting by satellite in the UK.

Mr Bond has put up 35.8 per cent of the £423.55m committed so far, although he has a smaller proportion of votes.

Other leading shareholders include Granada, the television and leisure group; Pearson, the publishing group that owns the Financial Times; Reed International, the international publishing and information group and Chargeurs, the French transportation company.

The current broadcasting bill which recently received its second reading in Parliament would, however, limit Mr Maxwell stake, as a national newspaper publisher to a maximum of 20 per cent.

Mirror moves into regions, Page 5

Weekend FT

GHOST AT THE CITY'S FEAST

After Big Bang, and the Crash, bull market babies fear another blow. Even their natural bravado is in short supply, says Christian Tyler

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Finance

The best and worst performing companies of the year

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How to Spend It

Last-gasp Christmas presents

Page XIII

Food and Wine

Jancis Robinson on the options for those who still need to buy their Christmas wine

Page XII

The Financial Times wishes its readers, advertisers and distributors a happy Christmas. The newspaper will not be published on Christmas Day or Boxing Day and the next issue will be on Wednesday December 27.

Brandenburg Gate re-opens to seal new link in German history

By Leslie Colitt in Berlin

THE BRANDENBURG Gate, a landmark of divided Berlin and Germany, again became a symbol of unity as the leaders of the two German states celebrated the opening of the historic monument with jubilant East and West Germans.

Chancellor Helmut Kohl of West Germany and Mr Hans Modrow, Prime Minister of East Germany, strode side by side through the 200-year-old gate as tens of thousands of Germans rejoiced on both sides of the border.

Pouring rain could not dampen the enthusiasm of the crowds which mobbed the two leaders and then surged over the Wall on the West Berlin side of the gate as if the barrier no longer existed.

East and West Germans stampeded through the two new openings on either side of the gate in scenes which brought tears to the eyes of many older Germans who were present and who watched the proceedings on East and West German TV.

One man recalled how, 28 years ago when the Wall was built, he was in a cinema in West Berlin and afterwards returned by underground to East Berlin unaware what had happened.

What did he hope for the future? "That Germany will be one." It was a view shared by a majority of those present – opponents of unification were conspicuous by their absence.

Most of the flags waved on the East German side of the gate were the black, red and gold of West Germany – minus the East German emblem in the middle.

Placards and banners too called for Einheit (unity) and one young man held up a sign proclaiming: "One country, one people, one state." Someone even carried a cardboard heart split in two with the word Deutschland written across it.

At the gate, the hosts, a stoic-looking Mr Modrow and Mr Erhard Krack, the Mayor of East Berlin, greeted Chancellor Kohl; Mr Walter Momper, the Mayor of West Berlin; Mr Hans-Dietrich Genscher, West Germany's Foreign Minister; and two former West German Presidents, Mr Walter Scheel and Mr Karl Carstens.

On the western side of the Wall a British military band oompahed the Berlin anthem: Das ist die Berliner Luft.

Mr Kohl gave the crowd the words it wanted to hear: "Liebe Landsleute (Dear Countrymen) . . ." and left it with no doubt as to the ultimate unity he was seeking for the two Germanys.

A more reflective Mr Modrow recalled that it was here that Hitler's Third Reich collapsed and where the Wall was built with the intention of protecting the populace from harm. But instead it "hurt people," he said in a remarkable admission. But only his greetings of solidarity with the people of Romania were applauded by the Easterners, who chanted "Helmut."

Mayor Momper paid tribute to the pro-democracy movements in the GDR and eastern Europe which paved the way for the opening.

An East Berliner in the crowd was disappointed that none of the speakers had paid tribute to the man who had made it all possible, Mr Mikhail Gorbachev.

Allied and Whitbread spirits deal

By Philip Rawstorne

ALLIED-LYONS, the UK food and drinks group, yesterday consolidated its position among the leaders of the international wines and spirits business by agreeing to pay £545m for the spirits division of Whitbread, the rival UK brewer.

Under the cash deal Allied will acquire James Burrough – brands of which include Beefeater gin, Long John Scotch whisky and Laphroaig malt – and Buckingham Wile, distributor of international wines and spirits in the US, including Cutty Sark whisky, Bollinger champagne, Benedictine, and Antinori Italian wines.

Whitbread's 85 per cent shareholding in California's Atlas Peak vineyards, and Julius Wile wines, are also included in the sale, which is expected to be completed about the end of next month.

Shares in each of the two companies closed 2p lower, but the consensus among City analysts was that the deal would

Continued on Page 22
Markets, Page 11; Lex, Page 22

MARKETS

STERLING
New York lunchtime:
$1.6245
London:
$1.6210 (1.6125)
DM2.7675 (2.7825)
FFr9.4675 (9.5050)
SFr2.5125 (2.5125)
Y231.50 (231.75)
£ index 86.9 (86.9)

GOLD
New York: Comex Feb
$416.7
London:
$413.25 (412.75)

N SEA OIL (Argus)
Brent 15-day Feb
$19.725 (19.575)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.7075
FFr5.83025
SFr1.5485
Y142.45
London:
DM1.7080 (1.7250)
FFr5.8400 (5.8950)
SFr1.5495 (1.5575)
Y142.85 (143.70)
$ index 67.4 (67.7)
Tokyo close: 143.67

US LUNCHTIME RATES
Fed Funds 8$\frac{3}{16}$
3-mo Treasury Bills:
yield: 7.82%
Long Bond:
102$\frac{22}{32}$
yield: 7.87%

STOCK INDICES
FT-SE 100:
2,362.0 (+9.0)
FT Ordinary:
1,868.2 (+9.4)
FT-A All-Share:
1,177.11 (+0.3%)
New York lunchtime:
DJ Ind. Av.
2,698.81 (+7.68)
S&P Comp
346.39 (+2.37)
Tokyo: Nikkei
38,040.37 (−175.11)

LONDON MONEY
3-month interbank:
closing 15$\frac{1}{16}$% (15$\frac{3}{32}$)
Liffe long gilt future:
Mar 93$\frac{3}{32}$ (93$\frac{5}{32}$)

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Austria Sch22; Bahrain Din0.700; Bermuda $1.50; Belgium BFr50; Canada C$1.00; Cyprus C£0.90; Denmark DKr10.00; Egypt E£3.25; Finland Fmk7.00; France FFr7.00; Germany DM2.30; Greece Dr150; Hong Kong HK$12; Iceland IKR125; India Rup15; Indonesia Rp3,100; Ireland I£0.60; Israel NS3.50; Italy L2000; Japan Y600; Jordan Fils1,000; Kuwait Fils.500; Lebanon £1,400; Luxembourg LFr50; Malaysia Rin4.25; Malta 40c; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr10.00; Portugal Esc140; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rup30; Sweden SKr10.00; Switzerland SFr2.40; Taiwan NT$65; Thailand Bht50; Tunisia Din0.800; Turkey L1200; UAE Dh7.00; USA $1.00.

ROMANIA

Ceausescu's fall leaves power vacuum in a terrorised land

There can be no easy transfer of authority from the most Orwellian regime in Eastern Europe, Patrick Blum and John Lloyd write

THE violence that has erupted in Romania is a bloody testament to the way the Ceausescu regime maintained itself in power. Its viciously repressive security apparatus guaranteed there would never be an easy transfer of authority. Last night, as power slipped away from its hands, it was still capable of inflicting savage wounds.

The result is likely to be a fragmented and violent succession. The Ceausescu system depended on enormous internal tensions, and like a wire hawser that has suddenly been cut, it is now whiplashing out of control.

In the course of his 24 years in office, Mr Nicolae Ceausescu built up an unparalleled network accross the country which ensured that any opposition would be swiftly, and when necessary, brutally dealt with. The reach of the power of the Securitate, the public and secret security apparatus which is said to have employed more informers per head of population than any other similar service elsewhere, created a climate of fear throughout the country. Even senior government officials feared saying anything that could be interpreted as critical of Mr Ceausescu or of his family and close associates.

As a result, officials would not only lie to foreign visitors and journalists, but also to their own superiors: statistics were fabricated to gloss over the fact that factories were not producing or functioning at minimum capacities; shortcomings throughout the economy were explained as the result of external factors; workers and managers were blamed for incompetence or accused of sabotage. In fact, under Mr Ceausescu, anything that was wrong was the fault of others but never of the regime's distrasous handling of the economy and of the country.

Anything that was wrong was the fault of others

Romania under Mr Ceausescu was the closest in the whole of Eastern Europe to the Orwellian world depicted in 1984. All forms of opposition, whether from workers, intellectuals, the Church or ethnic groups, were ruthlessly repressed. Violence is not new to the regime, it was built into the system, and in those circumstances, it was inevitable that any challenge to the regime would be met with violence.

Over the years, Mr Ceausescu sought to neutralise the military which could have represented a potential threat to the regime. This was done through systematic indoctrination, appeals to Romanian nationalism, and perks. Elite units were better fed and clothed than the vast majority of the population which had to live with regular shortages of food and basic goods. During recent rough winters, people in Bucharest would often walk home from work for miles in semi-darkness – public transport was scarce and electricity was limited to economise energy – their boots never properly drying.

The system of internal repression is one reason why Romania, last of the East European dominoes to fall, is as different from the others as they are from one another. It has no mass workers' movement, as Poland did; no semi-open network of opposition, like Hungary; no Christian-socialist opposition, as in East Germany; and no composite body of intellectual dissidence, as in Czechoslovakia.

Further, all of these countries above had at least the stirrings of a reform movement within their ruling Communist Parties, visible at close quarters. Romania has shown none of that. Its political culture, inside and out of the Communist Party, has been either unimaginably low, or inert, or fragmented and terrorised. There thus seems little possibility of the opposition providing an alternative government or part of it, as Civic Forum has done in Czechoslovakia and Solidarity has done in Poland. On their own estimation, they are disorganised and demoralised: brave – necessarily called upon to show more courage than any other East European dissidence movement – but so far hopeless.

One such dissident, Ms Doina Cornea, a former professor of French at the University of Cluj, wrote in an open letter she sent to the West in September that the Romanian intelligentsia has, for the most part, decided on discretion. "They stay apart, quiet, moderately obedient, and want nothing more than to be allowed to practise their professions, without assuming any risk or troublesome responsibilities in the name of truth, justice or their unexpressed moral beliefs. In order to salve their consciences, they constantly search for pragmatic justifications. Doesn't this duplicity, these cowardly justifications, really change them into accomplices of evil, since they do not take any stand against it?"

Even within military ranks there was great dissension.

Ms Cornea herself was dismissed from her job, and has been threatened with death and constantly harrassed. So has Dan Petrescu, a writer, after giving a telephone interview to the indefatigable Radio Free Europe. In that, he spoke of a "network of corruption" in the society, the lies of Mr Ceaucescu (denying, for example, that there were any shortages in Romania while the shelves were bare).

Ms Cornea's open letter and Mr Petrescu's interview are signs which, with others, point to a slightly greater activity on the part of dissidents in recent months. Earlier this year, six prominent intellectuals signed a letter of protest against the regime: and the fact that many of the most prominent critics have remained, while harrassed, at large may have pointed to a hesitancy in moving against them. It may be that there is a sufficently large network now to constitute – if conditions allow – a movement within which a new civil force can develop over time.

But again, that hope is moderated by the evidence of the dissidents themselves. Mircea Iorgulescu, a literay critic who sought asylum in Fance (the spiritual home of much Romanian dissidence) has said in interviews that nothing can be changed in Romania, even with the death of Mr Ceaucescu, and that legal resistance was impossible (as it has proved).

However, he has also spoken of some in the Communist Party who placed their hopes in Mikhail Gorbachev as a bringer of reforms to Romania – thus pointing to the possibility that an alternative may now appear.

Last night, the military appeared to making attempts to provide at least a transitional authority. But even within their ranks there was great dissension, with some units remaining loyal to the Ceausescu regime, and others aiding the demonstrators who were seeking its downfall.

If some strong central authority does not coalesce rapidly, regional and ethnic aspirations are likely to increase in importance along with the urban insurrections in Bucharest and Timisoara. Mr Ceausescu's fate may depend partly on what the military does, but whether they can organise themselves or not, he will leave behind a country in chaos, with no immediately recognisable alternative administration that could be acceptable to the population.

Kremlin cautious about fall of an ideological irritant

By Quentin Peel in Moscow

THE overthrow of President Nicolae Ceausescu of Romania was greeted with barely disguised elation by the Soviet media yesterday, but with continuing caution by the Soviet authorities.

The first official reaction was an appeal for calm, from a Soviet government spokesman, suggesting concern at the danger of a complete collapse of authority in the wake of the rigid Ceausescu dictatorship.

"We have no doubts that the Romanian people will show wisdom and retain their composure, despite the dramatic events, in order to create conditions conducive to normal life and to setting up new institutions of power," Mr Vadim Perfilyev, a Foreign Ministry spokesman, said.

On the face of it, Mr Mikhail Gorbachev should be more enthusiastic about the overthrow of Mr Ceausescu than he was about the advent of reform in either East Germany or Czechoslovakia, for he had long been at ideological loggerheads with the Romanian ruler.

Their last talks, at the time of the Warsaw Pact summit in Moscow this month, were described as "frank and forthright", which was seen as diplomatic double-speak for something akin to an outright slanging match.

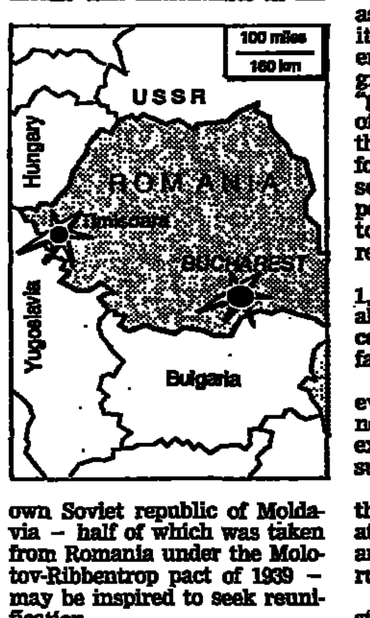
Not only did Mr Ceausescu maintain the most blatantly Stalinist regime in Eastern Europe, but he also resisted all Soviet attempts to co-ordinate policies in Comecon, the trading bloc, and the Warsaw Pact itself – as much for nationalistic as for ideological reasons.

However the demise of the Romanian dictator could have three possible negative consequences for Mr Gorbachev.

Even more than with Czechoslovakia and East Germany, the end result of the overthrow is totally unpredictable: the ability of the Romanian Communist Party to maintain any semblance of control without the full use of its feared security services must be in doubt, and along with it any commitment even to a social-democratic system.

Second, for all his arbitrariness, at least Mr Ceausescu was a committed member of the Warsaw Pact, and the same may not be true of a future government – right on the Soviet western border.

Third, and perhaps most immediately sensitive for Mr Gorbachev, the demise of brutal dictatorship in Romania means that nationalists in his



own Soviet republic of Moldavia – half of which was taken from Romania under the Molotov-Ribbentrop pact of 1939 – may be inspired to seek reunification.

Indeed, posters demanding just that were seen on the streets of Kishinev, the Moldavian capital, yesterday, as thousands demonstrated against Mr Ceausescu.

Two reactions in the corridors of the Congress of People's Deputies in Moscow summed up the extremes. An unidentified, but obviously die-hard conservative (Communist) deputy, watching the Novosti news agency screen for the latest information, was heard to say: "They have surrounded us on every side."

Another radical deputy from the Baltic put it differently: "That leaves only two dictatorships, us and Albania," he said.

Many of the radical deputies were angry yesterday at the failure of Mr Gorbachev to come out more quickly and forthrightly in his condemnation of the Ceausescu regime, and its massacre of demonstrators in Timisoara.

Finally, yesterday morning, as the regime was tottering to its end, Mr Gorbachev presented a statement to the Congress of Deputies, expressing "grave concern" at the reports of casualties, and expressing the hope that "ways will be found urgently in Romania to solve the existing problems peacefully, and in the spirit of tolerance, humanism and respect for human rights."

The motion was carried by 1,809 votes to 32, with 65 abstentions – the last almost certainly radicals demanding a far more explicit statement.

In contrast, coverage of the events by Tass, the Soviet news agency, continues to be extraordinarily outspoken for such a cautious medium.

"The dictator has fallen" was the headline on one despatch, attributed to Romanian radio, and "Nicolae Ceausescu on the run" followed soon afterwards.

For lack of a clear Soviet statement on his demise, the agency instead reported Mrs Margaret Thatcher welcoming it as "remarkable news for the people of Romania and all of us".

It also quoted without comment the East German government's decision to strip Mr Ceausescu of the Order of Karl Marx.

Nicolae Ceausescu, with his wife Elena beside him and a portrait of himself behind, addressing a crowd outside the Communist Party Central Committee building in Bucharest last month

EC salutes courage of the people

THE European Community yesterday saluted the courage of the people of Romania, and solemnly reaffirmed its willingness to provide the immediate help and the co-operation of which the country had been deprived by the Ceausescu regime.

Meeting in a special session in Paris yesterday, the 12 foreign ministers issued a joint declaration praising "the courage of the people of Romania, who have reconquered their freedom".

The ministers, who were in Paris for a joint meeting with their opposite numbers from the Arab League, paid tribute to the recent suffering of the Romanian people. "Ceausescu has fallen," said the statement. "To carry off this victory, the people of Romania have paid a heavy price: the burden of tyranny over many years, the massacre of the innocent in recent weeks.

"The Foreign Ministers of the Twelve think first of the many victims and of their families, to whom they express their deep sympathy. They also salute with emotion the courage of the people of Romania who have reconquered their freedom to which, like all other people, they are entitled." The ministers said they expected that Romania would now resume its full participation in the processes of the Helsinki agreement which had been flagrantly flouted by the Ceausescu regime.

Mr Roland Dumas, the French Foreign Minister, chairman of the European Community, was applauded in the closed ministerial meeting when he announced the news of the fall of Mr Ceausescu. He said afterwards that he thought the Twelve would announce that they would help the new regime.

Megalomaniac projects that helped end a 24-year reign

By Leslie Colitt and Andrew Marshall

PRESIDENT Ceausescu was toppled from power just as he was about to take possession of the latest in a series of megalomaniac projects which bled Romania and its people white.

An enormous Presidential Palace crowning the new Boulevard of the Victory of Socialism in Bucharest was being readied for occupancy by Mr Ceausescu and his wife Elena. The boulevard itself was ploughed through landmarks of old Bucharest with the ruthlessness that characterised the shoemaker's son from Scornicesti village.

Even the course of the meandering River Dimbovita was altered and fountains fitted to gush plumes of water into the air to suit his imperial concept of the new Bucharest. Thousands of completed flats in the white buildings flanking the grandiose boulevard remained empty until his lavish palace was completed.

Empty gestures were not confined to the architectural. It was Nicolae Ceausescu's proud claim that under his leadership, Romania had paid back its entire overseas debt, liberating the country from the grip of foreign bankers. But in so doing, he put paid to one of Eastern Europe's more successful economies, and the sacrifices he imposed on the Romanian people as a result helped to bring down his 24-year reign.

The country borrowed heavily in the 1970s to build its heavy energy-intensive industrial base. In 1981, total external debt stood at some \$11bn, and in that year the government set about to reduce it.

In a speech to the Central Committee plenum on April 12 this year, Mr Ceausescu announced that the country had repaid its entire external debt. A series of advertisements placed in western newspapers proclaimed that "at the end of March this year, the country had reached a point where – for the first time in its history – it owed nothing." Between 1975 and 12989, \$21bn of debt had been repaid, the adverts claimed, including \$7bn of interest payments.

The details of the repayment are subject to some dispute, given the uncertainty of all figures connected with Romania. What no-one doubts is that in an effort to isolate the country from foreign influence, Mr Ceausescu forced the country into a tight economic straitjacket.

According to Romanian estimates, over 7 per cent of output was devoted to net exports. Imports contracted, and output was totally devoted to the pursuit of hard-currency exports, such as refined oil products, foodstuffs, and some consumer goods, which were sold to the West and the East bloc. President Ceausescu used his supposedly independent position within the Warsaw Pact to gain trade concession in the West, including most-favoured nation status in the US.

Under this drastic and senseless policy, imports were treated as a luxury. The flows of western capital and consumer goods dried up, food and energy were rationed, and the country's agricultural system came close to collapse.

Unlike the towering Presidential Palace, the dimly lit main supermarket in the heart of Bucharest was anything but a showcase for the dictator. Endless shelves displayed tins with turnips, while the meat section was reduced to mealy sausage and piglet trotters. On his occasional inspection tours President Ceausescu was taken to a farmer's market which had been crammed with produce in advance of his visit.

Most Romanians had long since forgotten that their country was once a land of milk and honey, albeit unequally spread in pre-war Romania's semi-feudal society. In recent years, even flour for bread was mixed with oats, while meat and salami were exported for hard currency. Agriculture was run into the ground by central planners who ordered peasants to list every pig and chicken on their household plots so that the state would make up for the enormous losses of the collective farms. Sistematizare, the levelling of villages to make way for multi-storey flats housing uprooted peasants, was Mr Ceausescu's most enduring claim to international notoriety. As with so many grand projects in Romania it was so slow off the ground that little more than a dozen villages, mainly in the Bucharest area, were affected. But plans were in train to allow many villages in Transylvania, with its large ethnic-Hungarian population, to wither away and to consolidate the population in agro-industrial centres.

Romania is left strewn with "investment wrecks". A canal linking the Danube with the Black Sea was built at enormous cost but days pass when not a ship can be seen apart from maintenance vessels. Yet the president was determined to built yet another, even grander canal, this time linking Bucharest and the Danube. It may well have to be scrapped before more money is squandered.

On a typical inspection trip to one of the construction sites of Romanian communism earlier this year, the president pulled out his folding pointer and jabbed the air to underscore his comments. As Mr Ceausescu pointed to where he wanted construction equipment moved and the first buildings to rise, the faces of nearby engineers and directors grew ever longer. Elena Ceausescu was nearly always just a few steps behind him, whispering advice and criticism.

Just as the neglect of agriculture and over-ambitious industrialisation were prime factors in the pauperisation of Romania, its fertile countryside could become the source of an economic recovery. Romanian peasants need incentives instead of punishment and they will be able to feed the country adequately and export the surplus. Industry, however, is a shambles. The giant refineries and chemical plants were built on reserves of oil which were virtually depleted by the end of the 1970s and came to depend on imports from Iran, Iraq and Libya.

Ceausescu's new Presidential Palace, on the Boulevard of the Victory of Socialism in Bucharest

Energy shortages will continue to be one of the main bottlenecks. Romania was once a significant oil and gas exporter; but as demand for energy from domestic industry grew, and as reserves have been depleted, shortages have grown. Crude oil output decreased from 14.6m tons in 1975 to 9.4m tons in 1988.

Energy distribution has also been a big problem. Blackouts are common and last year, in an attempt to secure energy production, troops were put into power stations. Petrol is in such short supply that even the monthly ration of 20 to 30 litres per car could not be supplied recently. Since 1984, the government has imposed periodic cutoffs of heat and light and banned the driving of cars for four months at a time.

The nuclear energy programme was a costly white elephant. Nearly 10 years of co-operation with the producers of the Canadian Candu reactor has not yet produced an operative nuclear power station, although massives amounts of money and cement have been poured into the Cernavoda reactor site.

The steel industry was a loss-maker from its inception, using Soviet coal and western iron-ore to produce steel which was dumped in the West. The president's ventures into the high-tech realm, especially aviation, were purely for prestige. Thus, the licence to produce the BAC 1-11 ended in disaster. Romania was able to turn out only a few of the aircraft on its own and was unable to sell any of them.

"Building the Golden Dream of Communism" was the way that President Nicolae Ceausescu described Romania's economic strategy. To his impoverished countrymen, shivering in ill-lit, unheated flats, their children suffering from rickets, it must seem to have been fool's gold indeed.

The 'Great Conductor' out of tune with his people

By Robert Mauthner, Diplomatic Correspondent

THE OVERTHROW of President Nicolae Ceausescu marks the end of almost the last orthodox Communist regime in Eastern Europe – only the Albanian domino remains standing – and the end of a reign of despotism which was equalled only by Josef Stalin himself.

In many ways, the 71-year-old cobbler's son from a peasant background who rose to become the East bloc's youngest leader in 1965 at the age of 47, was an archetypal dictator. He built up a cult of personality for himself and his family which, if it had not had such serious consequences for the population of Romania, would have made him into an international laughing stock.

Described variously in official literature and on hoardings throughout the country as the Great Conductor, the Genius of the Carpathians and the clear-sighted leader of the entire Romanian nation, Mr Ceausescu turned his country into a feared family fiefdom.

Many of Mr Ceausescu's close relatives, and in particular his ambitious wife Elena, rose to positions of great influence for which their own meagre talents certainly did not qualify them. Elena, who claimed to be a chemical engineer, was elected to the Central Committee in 1972 and later rose to be Deputy Prime Minister in charge of national research and education.

The shelves of bookshops in Bucharest are almost as full of her scientific works, said to have been written on her behalf by others more qualified, as they are of the president's own numerous works.

His brother, Ilie, was given a high political post in the army, another brother was made editor of the Party newspaper and his son, Nicu, was put in charge of the Young Communist League.

Though Romania's Communist regime was consistently repressive and Mr Ceausescu strongly resisted the wind of glasnost and perestroika which blew from the Soviet Union after Mr Mikhail Gorbachev's advent to power in 1985, the deposed president has not always been pilloried by the West. Since he could never be accused of undermining the leading role of the Communist Party, as Mr Alexander Dubcek was in Czechoslovakia in 1968, successive Soviet leaders allowed him to build up a measure of independence within the Warsaw Pact which won the admiration of the West.

Among the international actions which won Mr Ceausescu praise on this side of what was then still very much an Iron Curtain were his strong condemnation of the Soviet invasion of Czechoslovakia; his refusal to allow Romanian forces to participate in Warsaw Pact manoeuvres abroad or to permit foreign exercises to take place on Romanian territory; and his refusal to join other communist states in breaking diplomatic relations with Israel during the 1967 Arab-Israeli war.

More recently, Mr Ceausescu also condemned the Soviet invasion of Afghanistan in 1979 and consistently maintained close relations with China during the long years of Soviet-Chinese hostility.

During the Vietnam war, Romania was the only country which had diplomatic relations with the US, North Vietnam, Cuba, China and the Soviet Union at the same time. Indeed, Mr Ceausescu used to delight in bringing the ambassadors of all these countries together over dinner or at a hunting party.

This spirit of independence, which earned him an honorary knighthood, bestowed personally by the Queen during an official visit to Britain, stood Mr Ceausescu in good stead, at least as far as the West was concerned, for a number of years.

But the international goodwill he had so painstakingly built up over the last few years was frittered away, as it became obvious that the Romanian president was unwilling either to introduce the market-oriented economic reforms which would improve the living conditions of his impoverished population, or subscribe to the human rights provisions of the East-West Helsinki and Vienna agreements.

The restrictive economic policies which led to the repayment of Romania's international debts early this year, but at the same time subjected an already deprived population to severe fuel and food shortages, did not meet with the approval that Mr Ceausescu obviously expected to earn from the West.

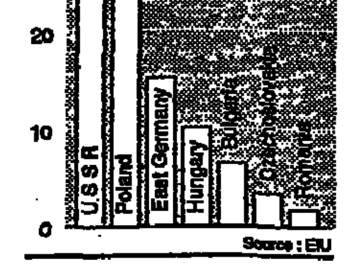
Romania's relations with the outside world were soured further by the president's recent policy of razing whole villages in the countryside and herding their inhabitants into new agro-industrial complexes, which led thousands of ethnic Hungarians to flee the country.

At the end, even foreign governments, such as the British, which normally scrupulously adhere to the diplomatic convention of not interfering in the internal affairs of other countries, however obnoxious, openly called for the overthrow of the Ceausescu government.

It was a measure of the megalomania afflicting him that the Romanian despot thought he could withstand the wind of reform and liberalisation which had successively brought down the Communist regimes of all his other Eastern European neighbours.

Comecon hard currency debt

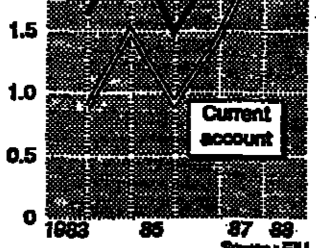
Net external debt \$bn, end of 1988



Source: EIU

Trade and current account

\$bn, annual totals



Source: EIU

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Enthusiasm starts to fade for Washington's invasion of Panama

Questions are already being asked about the length and nature of America's commitment, **Peter Riddell**, US Editor, reports

THE initial euphoria in Washington over US military intervention in Panama on Tuesday is fading.

President Bush still enjoys widespread political and public support for his decision – around 80 per cent, according to several opinion polls.

But questions are being asked about the length and nature of the US commitment and the viability of the Endara Government, which was sworn under Washington's aegis one hour before the military operation.

The doubts have been prompted by the failure to capture General Manuel Antonio Noriega, the Panamanian dictator, whose removal was the prime objective.

US forces have also failed to prevent looting and shooting in Panama City two days after the Pentagon claimed to have ended "organised resistance". An uncertain number of US citizens have been detained, potentially hostages, by pro-Noriega groups and the Endara régime has appeared a puppet of the US.

All this has contributed to worries, increasingly expressed by Congressmen, that US forces may have to remain in large numbers for longer than the optimistic assessments from the Pentagon about starting withdrawal within weeks.

Underlying the change of mood has been the return of the dead and wounded to the US, inevitably provoking memories of the Vietnam War.

This was brought home most dramatically on Thursday, when, during a strangely casual press conference by President Bush, three of the four US networks split their television pictures to show the ceremonial unloading of the flag-draped coffins from C141 aircraft at Dover Air Force Base in Delaware. It was a devastating and memorable image that has infuriated the White House which did not know this was happening.

The central problem has been the multitude of US objectives - ousting Noriega, backing democratically elected leaders, safeguarding US citizens and protecting the Panama Canal.

The emphasis has varied; on Thursday, Mr Bush seemed to be adopting the values of honour and vengeance of the Old West in describing the killing of a Marine last weekend as "real bad"- adding that that after the physical assaults on a US officer and the sexual threats against his wife, "this president is going to do something about it.

Bush: frustrated Noriega escaped; a US soldier in Panama

While these attacks – commonplace in America's inner cities, as one leading Democrat pointed out – appear to have been the trigger for Mr Bush's decision last Sunday, the other objectives have also been stressed. The least plausible is the threat to the Panama Canal; the precedent of the Suez crisis of 1956 suggests that a host country is unlikely to disrupt the operations of a canal for long, and can easily run it without the help of Western countries.

The biggest problem is over the internal politics of Panama. Mr Bush has maintained for most of the year that the US argument is with General Noriega – an indicted drug-trafficker who illegally seized power – rather than with the Panamanian people or their regular forces. This conveniently slides over the US role in building up and sustaining Noriega in the early 1980s.

At the time of the unsuccessful October 3 coup attempt, the US was relying on a split in the Panamanian Defence Forces (PDF). However, there was no attempt on Wednesday to enlist the support of possibly disaffected Panamanian troops. It was entirely a US operation with the PDF regarded as the enemy. The continued fighting has shown Gen Noriega could command the support of loyal forces; there remains the possibility of guerrilla warfare, especially if he remains at large. While some of the PDF have surrendered, there has been no major rallying to the new government.

At present, there are no forces or police to maintain law and order, apart from the US troops. Large numbers of US military police, few of whom presumably speak Spanish, are no substitute for indigenous police and paramilitary forces. Rebuilding them will take time.

Similarly, for all the support of the US, the Endara Government has yet to establish its independence and authority. President Endara may have won last May's elections overwhelmingly, but the intervention of Gen Noriega's troops prevented the votes being counted properly. It has not helped that President Endara and his two vice-presidents were sworn into office an hour before the military action. The Endara Government has yet to receive international recognition from other Latin American countries.

The White House was yesterday trying to lower the temperature, with Mr Bush going off on his Christmas holiday. But the president could face greater criticism in the New Year unless Noriega is captured and the Endara Government is more firmly established, and there is a prospect of US forces parachuted in during the early hours of Wednesday morning coming home.

Row over Japan discount rate flares again

By Ian Rodger in Tokyo

A RARE public row between the Bank of Japan and the Japanese Government over the need for an official discount rate increase flared again yesterday as Mr Yasushi Mieno, the bank's new governor, hinted publicly that he believed a rise was necessary.

"Once prices begin to rise, the situation would require us to take stronger measures than we could take right now," Mr Mieno said in an interview with the Nihon Keizai Shimbun, Japan's leading business newspaper.

Mr Ryutaro Hashimoto, the finance minister, promptly rejected the governor's comments, telling reporters that a discount rate rise was not needed.

He emphasised that there had been no change in the situation since he rebuffed rumours of an increase in Japanese newspapers on Tuesday.

Tokyo's financial community is agog over the row, which has cast something of a pall over the entry of Mr Mieno, a longtime Bank of Japan official, to the governor's office on Monday.

As a rule, new governors, like other top Japanese officials, spend the first few months of their tenure paying courtesy calls on the great, the good and the influential, while leaving their responsibilities to others.

However, Mr Mieno was caught short when rumours appeared in two Japanese newspapers on Tuesday that the bank would raise the discount rate by 0.5 per cent this week.

Bank of Japan officials confirmed privately that they did indeed want to raise the base rate, now 3.75 per cent.

This was not least because the spread between it and short-term market rates had widened considerably in recent weeks.

Also, they are worried that high money-supply growth, a resurgence of land price rises, and labour shortages could spark a serious bout of inflation.

However, Mr Hashimoto quickly poured cold water on the idea, and Ministry of Finance officials put pressure on the central bank to issue a statement saying that it was going back to a blank sheet of paper.

Bankers in Tokyo have been stunned by the unseemly row and, as yet, no plausible explanation for it has emerged.

Some say it reflects a play by the central bank to wrest increased control from the finance ministry over monetary policy.

Others contend that it was a ploy orchestrated by ministry officials to emphasise to the new governor who is in charge.

In fact, the respective roles of the two agencies in the formation of monetary policy are so clearly delineated by law that the point of such manoeuvres would seem minimal.

The central bank has the right to set the official discount rate but it is the ministry which has the power to establish deposit rates and has responsibility for overall monetary policy.

Analysts who study Bank of Japan operations point out that Mr Mieno has been at the heart of the bank's operations for several years and would know better than to try anything on, even if he had the time to do it between his courtesy calls.

The governor in effect acknowledged the finance ministry's ascendancy in the interview.

He pointed out that "because monetary policy is a matter of national concern, it is impossible to ignore opposition from others".

Moreover, it was predictable that the Government would react unfavourably to the idea of a rate rise now. A general election is probably less than two months away.

Meanwhile, market participants still seem to think that a rise in the official discount rate is in the cards.

The average interest rate on three-month certificates of deposits has moved up from 6.52 per cent on Monday to 6.71 per cent yesterday.

EC and Arabs in bid to relaunch stalled dialogue

THE European Community and the 22 members of the Arab League made a symbolic attempt to relaunch their long-stalled dialogue at a ministerial meeting in Paris yesterday. William Dawkins reports.

The gathering of 12 EC foreign minister, and their 21 Arab counterparts, plus Mr Farouq Kaddoumi of the Palestine Liberalisation Organisation, was expected to agree a schedule of regular meetings, to give a fresh impetus to their present halting contacts.

Britain lifted its earlier caution over a proposal by France, which chaired the session as current EC president, to hold annual talks with three ministers from each side.

These would include the present, past and future EC presidents, a smaller gathering than urged by a majority of the Arab countries, which had called for an annual summit of all 33 ministers plus the PLO.

But Mr Douglas Hurd, UK Foreign Secretary, resisted calls from four Arab states for the EC to lift sanctions imposed on Libya and Syria in 1986. Mr Roland Dumas, French Foreign Minister, said the request would be considered.

He said the two sides should avoid attempts to seek common positions on political problems – an unrealistic strategy which was the main reason for failure to win further rapprochement in 1983.

Tokyo deports 301 boat people

By Stefan Wagstyl in Tokyo

JAPAN has deported 301 Chinese boat people who, it says, entered the country illegally posing as Vietnamese refugees.

Guarded by 400 riot police, they were taken from a refugee centre in Nagasaki and put on board a Chinese-chartered ship. Officials at the refugee centre said there was no resistance.

The action was widely reported in Japanese newspapers and television but aroused little reaction from the general public or from overseas – in contrast to international criticism of Britain's deportation of Vietnamese refugees from Hong Kong. Japan intends to deport 1,367 more people it has identified as Chinese, as soon as Peking confirms their nationality.

Peter Ellingsen writes from Peking: About a third of the 25,000 Chinese students awaiting visas to study English in Australia have been rejected under Canberra guidelines that appear to contain a pre-determined failure rate.

Officials said they were not aware of any policy seeking to eliminate a set number of students, but the pattern of rejection suggests they have been told to limit admissions.

Public procurement pact eludes EC

By Lucy Kellaway in Brussels

EUROPEAN industry ministers yesterday ended a marathon meeting on the single market without agreement on public procurement, one of the most important items on the agenda.

Ambitious plans to stop biased national purchasing habits across all public sectors got stuck on the question of the kind of access that should be given to non-Community suppliers.

Public procurement accounts for 15 per cent of Community GNP, but four-fifths of this is in sectors such as energy, telecommunications, transport and water, at present exempted from EC rules.

A deep divide remains between the more liberal member states – the UK, Germany and the Netherlands, which would prefer to see no barriers erected around the Community – and those such as France and Italy, which argue that the Community should protect its markets in public procurement, especially when other trading blocs have their own protectionist measures.

The issue is further complicated by the Gatt Uruguay round of talks, in which international rules on public purchasing may be set.

Some member states feel it is tactically important to agree on a strong system of Community preference before going into the talks.

A proposal that would have allowed public purchasers to ignore non-Community bids that were less than 3 per cent cheaper than the best Community tender was put forward, but ministers could not agree whether it should be made conditional on the outcome of the Gatt talks. The other main sticking point – whether certain sectors could be excluded from the rules – was not resolved. The UK has argued that upstream oil and gas purchasing should be excluded, while West Germany and Spain have asked for concessions to cover the coal market.

The disappointing progress on this important part of the single market legislation came after two days of progress on many single market matters.

Ministers adopted new regulations on mergers and reached agreement on a directive opening up the market in life assurance.

They also agreed common measures covering package tour operators, requiring them to hold to the details published in their brochures.

Indian call for curbs on imports

By David Housego in New Delhi

TIGHTER CONTROLS on importing manufactured goods and the slowing down of big capital projects requiring large purchases of foreign equipment are advocated in a government-commissioned White Paper released yesterday, as measures needed to improve India's balance of payments position.

The report, commissioned by the new administration of Mr V.P. Singh, the Prime Minister, is critical of the import liberalisation initiated by Mr Rajiv Gandhi's Government four years ago, citing it as largely responsible for the widening current account deficit.

It was prepared by the Economic Advisory Council, an independent organisation under the chairmanship of Professor Sukhamoy Chakravaty, a left-wing economist who disapproves of further increases in foreign investment.

The call for further import curbs comes at a moment of intense debate within the Government over economic policy prior to a decision on whether to seek a further \$2bn-\$3bn IMF loan to bolster foreign exchange reserves. The liberal view was put on Thursday by Mr Arun Nehru, Minister of Commerce and a former member of Mr Gandhi's government.

He argued that the overall aim in improving the balance of payments should be to upgrade India's industrial capability and maximise exports. "The leeway [for curbing manufactured imports] is limited".

Advocates of continued liberalisation said that the White Paper did not represent government policy. The report was called for by Mr Singh to provide an "objective" assessment of the economy at the moment he took over.

Though the council finds greater medium-term resilience than in the past, it paints a picture of industrial slowdown, of higher inflation and of a worsening balance of payments.

It does not believe export growth and currency depreciation will be enough on their own to stem the rise in the trade deficit but argues that quantitive controls on imports will also be necessary.

It criticises the rapid growth of the car and consumer electronics industries under Mr Gandhi as being import-intensive, benefiting mainly the middle class.

It wants more emphasis on agriculture and output of goods people can afford.

Lithuania's conflict with the Kremlin dampens festivities

Quentin Peel reports on growing rebellion in the Baltic state

d3 WHEN Lithuanians get an official holiday for Christmas Day on Monday, for the first time in 40 years, their celebrations will be dampened by the prospect of a growing confrontation with Moscow.

Indeed, if Mr Mikhail Gorbachev has a bitter sense of humour, he might even summon an emergency plenum of the central committee of the Soviet Communist Party on Christmas Day, to thrash out the whole issue of Lithuania's rebellion.

Only two days after the Lithuanian Communist Party voted overwhelmingly to leave the CPSU, the Lithuanian delegation led a walk-out by a majority of all the Baltic deputies in the Congress of People's Deputies, the Soviet super-parliament, yesterday.

It came after a leading Lithuanian nationalist, Mr Kasimiras Motieka, demanded that negotiations on outright independence begin forthwith.

On Thursday, Mr Gorbachev had himself expressed "concern and alarm" at the decision of the Lithuanian Communist Party to break away from his own ruling party, and announced the plan for an emergency plenum. That seems certain to bring the confrontation to a head.

The split in the Communist Party itself is the most serious challenge yet to the unity of the Soviet state, for it is the party, more than any other institution, which underpins the power and authority of Moscow.

Mr Gorbachev cannot use arguments of the Soviet Constitution to declare the move illegal, as he has attempted in denouncing legislation in the Baltic republics. He also has to recognise that a huge majority of the Lithuanian party voted in favour of the break. Now he must decide whether to back the 160 Lithuanian Communists, and their followers, who have pledged to remain members of the CPSU, or the 855, including the entire party leadership, who voted for a split. To back the former would be virtually to consign the party in the republic to irrelevance.

Yesterday's new confrontation came at the end of a debate on setting up a Constitutional Control Committee, which is supposed to ensure compliance with the Soviet constitution in the union Republics.

All the nationalist Baltic deputies, as well as many of the more radical reformers, argue that you cannot establish constitutional compliance until the Constitution itself has been rewritten, to make it acceptable to all.

Their opponents say that the rights of national minorities are already being violated in the outlying republics, and must be defended.

Mr Motieka declared that the "last traces of freedom and legislative power of the republics" would be removed by the new law. He demanded that the Soviet Union, which "forcibly incorporated" Lithuania in 1940, should now "take steps to wipe out Stalin's crimes".

"As an elected representative of the Lithuanian people, I call on the Soviet Government in the near future to begin initial talks with the chosen representatives of Lithuania for the establishment of a Lithuanian state," he said.

These talks should be attended by other European governments.

He then led the walkout of the deputies. The Congress decided to postpone any vote on the new law, until an attempt had been made to reconcile the differences.

Collor to fight inflation

MR Fernando Collor de Mello yesterday used his first public appearance as president of Brazil to rule out any plan to bring forward the March 15 inauguration, Ivo Dawnay reports from Rio de Janeiro.

The 40-year-old former state governor singled out inflation as the greatest threat to the nation and promised to tackle it with fiscal and administrative reform, including privatisation and dismissal of under-employed civil servants.

Pressure had been growing to advance the hand-over of power in the light of growing concern over inflation – now touching 55 per cent a month.

But Mr Collor, who on Sunday won 35m votes to defeat his socialist rival, Mr Luis Inacio Lula da Silva, by a 4m margin, said the constitutional term of outgoing President Jose Sarney must be completed.

US durable goods orders up by 5.1%

NEW ORDERS for durable goods in the US increased by 5.1 per cent in November, following smaller declines in the previous two months, Anthony Harris reports from Washington.

Aircraft orders were the biggest factor, but there were also significant rises in orders for vehicles and communications equipment. The volatile defence series picked up, with a rise of 15.6 per cent in new orders for capital goods, mainly aircraft.

Order books rose by 1.5 per cent, the largest increase in 11 months: the rise was almost entirely in aircraft, and aircraft also accounted for the entire 10.5 per cent rise in order books over the past 12 months.

There was a 1.5 per cent rise in deliveries in the month, seasonally adjusted; this was influenced by the end of the Boeing strike.

The November-to-November comparison of new orders shows a sharp 8.8 per cent fall in orders for metals, reflecting the motor industry recession. Non-electrical machinery, including computers, is up 5.7 per cent, electrical machinery, including communication equipment, is up 10.6 per cent, and transport equipment up 16 per cent.

Order books, a more reliable indicator of the long-term, are down 11.5 per cent in metals, and up only 1 per cent in the machinery industries, but up 24.6 in transport equipment.

Overtime threat to W German cars

The West German automobile industry could be hit by overtime bans early next year in the first stage of the campaign by the metal industry union, I G Metall, to secure a 9 per cent pay rise and a 35-hour week when the current three-year deal runs out in March, David Goodhart reports from Bonn.

A meeting of union officials from the main car companies earlier this week decided to call for overtime bans at the earliest opportunity in the new year. Such a ban could have a serious effect on output. According to I G Metall, the average car worker is now doing about 20 hours' overtime a month.

It is by no means certain that the union's call will be heeded. Overtime is a matter determined by works councils at plant level in West Germany, and although the unions usually control works councils, instructions from head office are not always obeyed.

Analysts believe that VW is the company most likely to be hit, as the union organisation there is particularly strong. Next in line are thought to be BNW and Audi. Daimler-Benz is least likely to be hit as the overtime level is so low.

EC inflation fear

European Community inflation is likely to reach 5.5 per cent this year compared with 4.4 per cent in 1988, the EC statistics office Eurostat said, yesterday, Reuter reports from Brussels.

The Netherlands should have the lowest rate of the Twelve, with 1.2 per cent. Greece, with 14 per cent, would have the highest. Eurostat said substantial price increases in Britain, Portugal, and Greece pushed up EC inflation by 0.4 per cent last month, taking the year-on-year rate at the end of November to 5.4 per cent.

Mandela hopes rise

South Africa's black nationalist leader Nelson Mandela will not be released before the new year, state radio reported yesterday, Reuter reports from Johannesburg.

The pro-government Citizen newspaper said that late January or early February was considered the time most likely for his release.

Christmas spirit is more alive in Belfast than in Jerusalem

Hugh Carnegy in the Holy City writes to his Aunty Audrey in Northern Ireland, looking at the season of goodwill

Dear Aunty Audrey,

I hope you won't be too surprised to receive a letter from me this way, but you know how bad I am at ever sending one through the post: I was wondering how Christmas was this year in Belfast and thought you might like to hear how it is in the Holy Land where, so to speak, it all began.

Margaret Van Hattem, our colleague on the FT who so sadly died this year, wrote a few years ago that more than in any city in Britain, Belfast still evoked an old-fashioned, Victorian feeling of Christmas, despite the ancient feud between Catholic and Protestant. I think she was right.

The curious thing is, you also get a far greater sense of Christmas in Belfast than you do in Jerusalem, the Holy City itself.

It's not just that the streets here are not bedecked with neon Santas and an overflow of Christmas excess. Thank goodness for that! It's more that in the land of Christ's birth, life and death, his followers are but a small minority. And, of course, the Holy Land, like Ireland, has its own problem of feuding peoples which puts a dampener on the Christmas celebrations that do take place.

Christians number just 15,000 in Jerusalem out of a total population of more than 400,000. The majority are Jewish, followed by Moslems. In the Arab West Bank and Gaza Strip, occupied by Israel since 1967, Christians make up less than one in 20 of the population, most of them living around Bethlehem.

The Christian communities divide into many churches. There are Greek and Russian Orthodox, Armenians, Copts, Maronites – and Roman Catholics and Protestants. Most don't even celebrate Christmas on December 25, waiting until January instead. (Ian Paisley wouldn't like it, but the tendency here is to lump Catholics and Prods together and refer to December 25 as the Latin Christmas.)

The different sects are best seen together in the Church of the Holy Sepulchre in the Old City of Jerusalem. We popped in there this morning on our way to buy a Christmas crib from one of the dozens of souvenir sellers in the Old City's crowded Arab market. They have been hard hit by the *intifada*, the two-year-old Palestinian uprising against Israeli rule.

"Business is very bad. You are not rich Americans so I will make a good price for you," said the shopkeeper. We were still overcharged, I think.

Anyway, evidence of Christmas was subdued in the truly sepulchral Holy Sepulchre. The apparently ever-present workmen banged away in one of its many dark recesses.

A group of tourists trooped in. A friendly, white-bearded Coptic priest, framed in black robes, drew us into a curtained space to touch the tomb of Christ.

"Jesus loves you, Jesus loves me. One God, one Christ," he said in broken English. "Merry Christmas. God bless you."

We live in the Western, Jewish half of Jerusalem (like Belfast's divisions, the city splits almost completely into Jewish and Arab areas), so our neighbours will be at work on Monday. We felt a little self-conscious bringing home our Christmas tree this week, but then – in one of those little ironies of life here – it was a gift from the Jewish National Fund, which runs much of Israel's forests.

Actually, this year "Latin" Christmas coincides with the Jewish festival of Hanukka, providing a good lesson in comparative religion for the children.

At Hanukka, Jews celebrate the re-dedication of the Temple – specifically the rekindling of the Temple lamp – after the Maccabees recaptured it from the Greeks in 164 BC. They exchange gifts, but not to the exorbitant extent that we do – another good lesson.

Above all, Christmas in the Holy Land has been subdued by the *intifada*. All the main churches have for the third year scaled down celebrations in sympathy with the Palestinian cause. To the irritation of Christians, Moslem fundamentalists have called a general strike on Monday.

To the irritation of the Israelis, Archbishop Desmond Tutu from South Africa, who has spoken harsh words against Israel, is here. He'll be preaching on Christmas Eve in Bethlehem, now a sad place.

Like most West Bank towns, its shops are largely shuttered and smeared with layers of graffiti and the black paint the Israelis use to cover the slogans. It feels like the Falls Road after a riot, sullen and suspicious.

We went there last Sunday with the children to visit the Church of the Nativity. Fred – almost four now – couldn't quite understand the army roadblocks and the need to keep the car windows closed in case of stone throwers.

Manger Square nicely captures the mood. Between the church and the town's main mosque stands the Israeli police/army station, wire-meshed like RUC posts in Northern Ireland. Israeli soldiers – amazingly slovenly in their grubby uniforms – stroll about, guns on shoulders and hands in pockets.

We waited behind a tour group to enter the church, shared like the Holy Sepulchre by different denominations. The tall-columned interior reeks of incense and old wood. Black-robed priests tend the altars and shrines under ghostly remains of mosaics on the walls.

The grotto where Christ is said to have been born lies down precipitous stone steps. It is draped with musty wall hangings.

Elaborate silver lanterns dangle from the roof. Everything seems layered with centuries of candle wax. A group of British tourists, invited to sing a carol, or pray, instead took photographs.

Outside, we sat down at a cafe for a drink. Suddenly, by the police station, a row broke out between baton-waving soldiers and a group of Palestinian women protesting at the arrest of their menfolk held in a truck nearby.

We decided to leave. As we drove away, Fred asked: "Why do boys throw stones at soldiers?" Hannah, at two, remains more philosophical. "Don't worry, be happy," she sang, chorusing her favourite pop song.

Merry Christmas from Jerusalem.

Hugh

Archbishop Desmond Tutu arrived in Jerusalem yesterday for a Christmas visit to the Holy Land that has discomfited Israelis unhappy about what he calls "worrying parallels" between South African treatment of black unrest and Israel's response to the Palestinian uprising in the occupied territories, Hugh Carnegy reports from Jerusalem.

An American Jewish group published advertisements in Israeli newspapers accusing Archbishop Tutu of "many anti-Israel and anti-semitic statements", and saying his visit was "designed to publicise a distorted view of the Arab-Israeli conflict".

In a newspaper interview, Archbishop Tutu said he thanked God for Israel's existence, but added: "What Israel is doing in the territories is unacceptable".

A guest of the local Anglican church, he will preach in the Church of the Nativity in Bethlehem on Christmas Eve and in Jerusalem's St George's Cathedral on Christmas Day.

Workers at Ratcliffs applaud rescue plan

By Richard Tomkins, Midlands Correspondent

WORKERS at Ratcliffs (Great Bridge), the West Midlands copper rolling mill closed by its management after the breakdown of pay negotiations, have given an enthusiastic response to rescue plans.

Mr Terry Askey, Dudley district secretary of the Transport and General Workers Union, said 227 of the 232 employees had returned forms expressing an interest in working at the company under new ownership.

The forms were distributed by the union at the end of a mass meeting on December 17 at which Mr Askey told the workers that he was in touch with an unidentified Midlands company interested in taking over the plant.

The employees' response was critical to any hope of rescue because the existing management had blamed the closure on intransigence by workers in refusing to accept a new pay and productivity deal.

Ratcliffs' closure was announced just seven months after the 200-year-old company, then quoted on the stock market, was bought through a £12.5m management buy-in organised with City backing.

Mr Michael Hearn, the incoming chairman, had previously turned round Electrolux, the West Midlands washing machine manufacturer, and was trying to do the same at the loss-making rolling mill.

However, negotiations over a pay and productivity deal broke down in November with workers, management and the union blaming each other. Amid mounting losses, Mr Hearn closed the plant on December 21.

Mr Askey has been trying to instigate a rescue of the rolling mill by telling potential buyers that the customer base still exists and that the workers will accept a pay and productivity deal if it is under different ownership.

If a rescue does succeed, the workers stand to benefit not just through regaining their jobs, but also through receiving substantial redundancy payments from their former employer.

It is unlikely, however, that all the plant would re-open. Mr Askey said the foundry and casting section was difficult to operate economically on the lower volumes of copper and brass experienced by Ratcliffs in recent years.

Banks charged up over disclosure of their fees

David Barchard examines the changes designed to stimulate competition in the credit card industry

SELDOM has the collective self-esteem of the large banks received a nastier shock than it did on Thursday when Mr Nicholas Ridley, Trade and Industry Secretary, announced moves to stimulate competition in the credit card industry – including his insistence that the banks must disclose full information about their charging system.

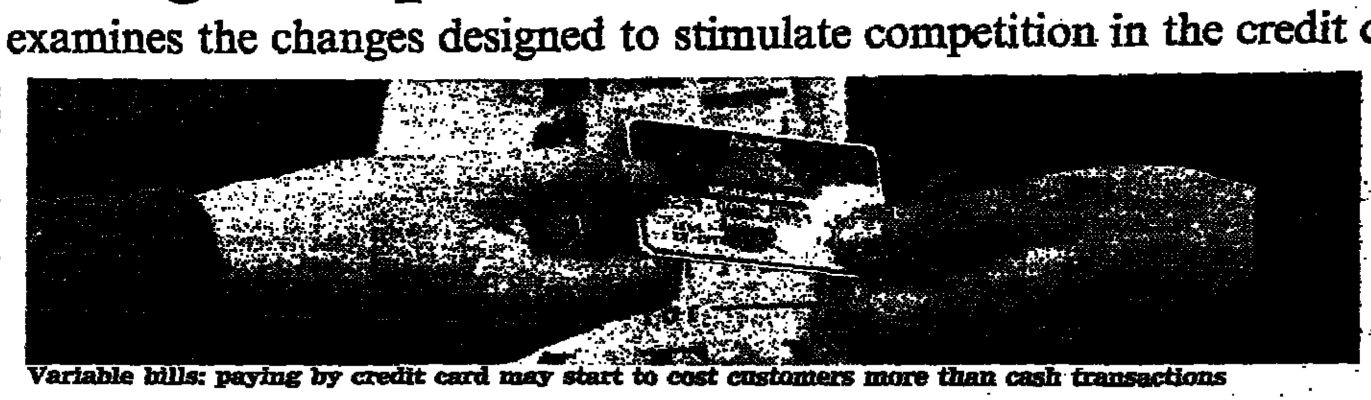
Mr Ridley has, in effect, come down heavily on the side of the retail chains, the banks' main adversaries in the credit card business. His proclaimed intention is to strengthen the retailers in their negotiations with the banks on the pricing of credit card charges.

All this is in remarkable contrast to the tone of the Monopolies and Mergers Commission report published in August to which Mr Ridley was making his formal response.

The report accepted that stiff competition had emerged in the credit card industry, dominated until the early 1980s by two cartels – Visa and MasterCard (Access). It made only two recommendations, neither of them particularly fearsome to the banks.

One was that credit card organisations should allow new members to sign up retailers as soon as they joined rather than force them to wait until they had issued a large number of cards.

The other was the ending of the "no discrimination rule" which forbids retailers to



Variable bills: paying by credit card may start to cost customers more than cash transactions

charge customers less if they pay by cash.

The first proposal was prompted by a row between two new entrants to Visa – Midland and NatWest – who were forced by Visa to wait until they had issued more than 500,000 Visa cards before they could start signing up retailers for Visa.

The stipulation appeared to favour existing members of Visa, such as Barclays and Lloyds, just when the banks were competing for the first time to sign up retailers for combined MasterCard and Visa services. As a result, relations between Midland Bank and Visa were distinctly chilly.

This recommendation was immediately accepted by the Government when the report was published, although Visa and the Office of Fair Trading are still locked in what Visa describes as "very friendly negotiations."

Ms Carol Walsh, Regional General Counsel at Visa, said: "It is accepted by Visa and the OFT that the recommendation is not all clear." Visa is applying for a judicial review on some points of the report, since it believes that it cannot be held to be part of a complex monopoly as defined by the MMC because it does not provide credit card services directly.

Mr Ridley has now asked Sir Gordon Borrie, Director General of Fair Trading, to seek undertakings from Visa and MasterCard that they have lifted the restriction. Ironically, Midland and NatWest are now applying a similar restriction on Barclays and Lloyds by insisting that if they join the Switch debit card system, they must be willing to issue cards in significant numbers and not just sign up retailers.

The second proposal – the ending of the "no discrimination" rule – has been fought for by some retailers, notably petrol stations. Consumer groups also favour it, arguing that customers who pay cash are subsidising those who enjoy a period of free credit by paying with a plastic card.

This again was a change the banks had steeled themselves to accept if necessary, although they warned that some retailers might charge customers paying by plastic card more than the commission on card payments, which the banks say is now down to an average of less than 2 per cent.

Mr Ken Bignall, chief executive of Barclaycard, said: "We do not oppose the ending of the rule in principle but believe that it will lead to surcharging for credit card transactions which will have an inflationary effect."

The banks know that most of the larger retailers are as committed as they are to phasing out cash payments and replacing them by electronic methods. However the retailers dislike the commissions they pay on credit cards and prefer debit cards, on which they pay a much smaller flat fee.

According to the Retail Credit Group, the large retailers pay on average nearly five times as much for accepting credit cards as they do for debit cards.

Retailers also dislike not having full freedom to set their own prices because of the no discrimination rule. They now have the backing of Mr Ridley, who told parliament this week that the rule was a serious restriction on competition.

The dropping of the rule seems likely to produce a series of commercial squabbles and perhaps claims of unfair treatment by smaller retailers from consumers.

The real sting in Mr Ridley's message, however, is his insistence that the banks disclose full information about their charging system, covering commissions to retailers and the interchange fee which banks pay each other on credit card transactions.

The interchange fee is usually a flat 1 per cent paid by the retailer's bank to the bank which issued the card used in the transaction. The charge is the main source of earnings for the banks on the retailer side of their credit card business and, as such, has been under fire from retailers for some time.

The retailers want to see the commissions they have to pay falling close to the cost of handling the transactions.

Mr Gerald Solomon, senior manager for UK retail business at Lloyds Bank, offers several objections. He argues that the average commission from retailers of 1.8 per cent is below the cost of funding the interest-free credit given on credit cards, even before transmission expenses have been paid.

Another possibility if the interchange fee is removed is that smaller banks would lose the income they make on their credit card offers. Some might find a way out by following Lloyds, which is introducing a £12 fee on its Access card next month and making a charge to cardholders. Others might stop issuing cards.

That, the banks say, would mean much less competition in the market.

Hong Kong company buys Hinari operation

By James Buxton, Scottish Correspondent

A COMPANY based in Hong Kong has bought the consumer electronics manufacturing operation of Hinari, the Scottish-based company which went into administration in October with debts of £35m.

Beon Corporation plans to assemble television sets at Hinari's former plant at Cumbernauld near Glasgow, where Hinari had begun assembling 14 inch TVs a few months before it went into administration. Beon's owner, Mr Benson Wong, intends to begin with 80 employees, possibly in March next year.

Beon may offer employment to some of the 128 workers made redundant when Hinari went into administration.

The Hinari assembly operation has been sold to Beon for an undisclosed sum by the administrator, Mr Frank Blin of Cork Gully, the insolvency wing of Coopers & Lybrand, the accountancy firm.

Mr Blin has already sold the UK stock of Hinari to Alba, the quoted UK consumer electronics company. Alba also bought Hinari's West German operations. Those in Spain were sold to Hinari managers.

Hinari, using a Japanese sounding name to increase customer acceptance, was a fast growing company which imported products made to its specificiation in the Far East. It had turnover of about £60m. Its founder, Mr Brian Palmer, who was forced to resign as chairman and chief executive a few weeks before it went into administration, blamed its failure on the slowdown in retail spending.

Drinking water to be checked

By John Hunt, Environment Correspondent

AN inspectorate to monitor the quality of drinking water supplied by the privatised water companies has been set up by Mr Michael Howard, the Environment Minister.

The drinking water inspectorate will be charged with ensuring the supply of wholesome drinking water and to check for failure to comply with water quality regulations introduced earlier this year.

It provides the machinery for the Government to keep a watch on standards now that water supply is no longer in the public sector.

The move reflects the Government's anxiety to improve Britain's water as it is being taken to the European Court by the European Commission for failure to comply with the EC's water quality directive.

Mr Chris Patten, the Environment Secretary, can take legal action against a company failing to supply wholesome water. However, the new inspectorate, which is expected to have a staff of 24, will be auditing the water quality tests taken by the companies. It will not have a laboratory of its own, but it could contract-out tests.

This brought strong criticism from Mr Andrew Lees, of Friends of the Earth, who said the inspectorate allowed the water companies to have a poacher and gamekeeper role.

● Andrew Hill writes: The 29 water companies which formed the private sector part of the water-supply industry before the recent privatisation of the 10 water and sewage companies for England and Wales, will have to wait until after Christmas to hear the outcome of negotiations with the Environment Department on price increases.

The Government had hoped to announce this week the "K factors" – which limit the amount by which each company can raise its charges above inflation. The DoE is understood to have improved the K factors, but will probably not announce the price caps before the new year.

The 29 statutory companies embarrassed the Government earlier this year when they announced hefty price increases, which they said would help put them on the same footing as the larger water authorities. They learned their K factors in August.

Two arrested at site of arms cache

TWO men were questioned by police yesterday after a cache of high explosives and weapons had been found on the west Wales coast.

The men – believed to be Irish – were detained on Thursday night under the Prevention of Terrorism Act.

Commander George Churchill-Coleman, of New Scotland Yard's anti-terrorist branch, said the men, aged between 25 and 30, were not known terrorists. They had not yet been identified.

The arrests were disclosed by Mr Ray White, Chief Constable of Dyfed-Powys.

Police had mounted the operation following the discovery on November 3 of a cache containing 100lbs of Semtex explosives, hand guns, rifles and detonators buried close to the coastal path at Newgale. Mr White said there were enough explosives in the cache to make several bombs.

The cache was buried close to RAF Brawdy and to a US Navy listening base, but Mr White would not speculate on any possible target.

Police were also examining the possibility of a link with the murders of Peter and Gwenda Dixon, whose bodies were found a few miles along the same path in July.

Downturn in car output expected to continue

By John Griffiths

UK car production last month entered a decline which is expected to last at least into the early months of next year.

Provisional figures from the Central Statistical Office show that car output, seasonally-adjusted, fell to 104,000 last month, compared with 113,000 in October and 111,000 in November last year.

Much of the fall is accounted for by Rover Group, which has had brief lay-offs to cut output of its Rover 800, Montego and Maestro models. It plans further cuts next year.

Rover has said that the action is mainly seasonal and that "we don't have the option, as the multinationals do at this time of year, of simply reducing the level of imports from Continental plants."

Taking the latest six-month period as a whole, total car output was only marginally up on the previous six months, with production for export increasing by 3 per cent.

Compared with the same period a year ago, total output was 2 per cent higher, with export production up 15 per cent.

Provisional figures for commercial vehicle production, at 29,900 units seasonally adjusted, also show a fall from October's 33,100 level but no change from the previous November.

However, output for the latest six-month period was 10 per cent below the previous six months ahead of what is expected to be a sharp fall in lorry sales early next year.

Ulster transport given £1m grant

By Our Belfast Correspondent

THE EUROPEAN Commission yesterday approved a £1m grant for a Northern Ireland transport programme to help a series of air, rail, port and road projects over the next five years.

The award, from the European Regional Development Fund will finance schemes aimed at alleviating the problems caused by Northern Ireland's distance from the main markets of Europe and its separation from them by sea.

Projects include a cross-harbour rail bridge in Belfast, investments at the ports of Belfast, Larne, Londonderry and Warrenpoint, and airport improvements at Belfast International Airport, the City Airport in Belfast, and Eglinton in County Londonderry.

Improvements are also planned on the Belfast-to-Dublin rail line, which has been attacked by the IRA on dozens of occasions this year.

Labour points to record homeless total

By Alison Smith

THERE WILL BE a record number of homeless people on the streets this Christmas, the Labour Party said yesterday.

Mr Alfred Morris, shadow Minister for the Disabled, told a London meeting that homelessness had doubled since 1979, and that some 120,000 families had presented themselves as homeless this year.

"Christmas this year may not see any spending records in the shops, but there will assuredly be at least one record: a record number of homeless people in Britain. That there will be room for most of them indoors at Christmas owes nothing to the Government's efforts and everything to charitable endeavour."

One of the causes of the increase was the emptying of long-stay mental hospitals.

The Environment Department said the Government was concerned about homelessness.

Over the next two years, the Government had allocated an extra £250m to tackle homelessness in London and the south-east.

Aggressive pricing on drug

By Peter Marsh

SMITHKLINE BEECHAM, the Anglo-American drugs group, has adopted an aggressive pricing policy for Eminase, a new medicine for treating heart-attack victims which the company plans shortly to sell in the US.

Eminase will sell for $1,700 (£1,055) an injection, about $600 below that of a similar drug which is already on sale in the US and is supplied by Genentech.

Both Eminase and the Genentech product – called Activase – work by unblocking the blood clots which form in a heart attack and which often cause death.

Seasonal surge in sales at John Lewis stores

By Maggie Urry

DEPARTMENT stores in the John Lewis Partnership witnessed a sudden surge in sales last week in the run-up to Christmas. The stores achieved record sales of £37m in the week ending last Saturday – 8.6 per cent above the level in the same week last year.

The gain was achieved in spite of heavy rain and snow as well as the 'flu epidemic, which would have put off shoppers.

Sales in the group's Waitrose supermarkets rose 7.1 per cent over the same week last year to nearly £22.5m. However, sales in the department stores for the 20 weeks up to December 16 are still below the budgeted level of a 5 per cent rise, showing gains of only 2.5 per cent over the same period in 1988.

The sales figures reflect the fact that it has been a dull time for retailers, as high interest rates have dampened consumer spending.

Sales gains are running well below the rate of inflation, in spite of John Lewis opening new stores in Aberdeen and at High Wycombe, in Buckinghamshire.

This means that in the established stores, volumes of goods sold are down.

Scrooge puts a damper on corporate Christmas festivities

Rachel Johnson and **Jane Fuller** find that economic stringency has taken its toll of traditional seasonal largesse

CHRISTMAS bonuses, yuletide gratuities, seasonal gifts – call them what you will – should all be as joyous a part of the festive season as the annual corporate beano.

Yet the compliments of this season have been less lavish even than usual, although there are a few heart-warming exceptions to the sorry tales of seasonal stinginess.

First in ranking must surely be the £150m pay-out Santa Ridley bestowed on Barlow Clowes investors in a well-timed compensatory gesture of goodwill.

The second was more traditional. With Christmas post increasing the workload for postal workers and sorting office staff, the Royal Mail decided to give its workers a bumper Christmas Pack with discount vouchers for items such as ferry trips to the Continent and colour television sets.

The third act of unprecedented seasonal bounty this year comes from the offices of Addison Lee, one of London's largest minicab companies. Mr John Griffin, the chairman, says all his drivers enjoyed an office party at London Zoo.

In this year's bonus round, both supervisors and managers received an extra week-and-a-half's salary. In other years only managers were paid the extra; however, supervisors became so cheesed off that the discretionary payment system was amended.

Mr Griffin calls the taxi trade "a barometer of the British economy."

"We have experienced a dramatic drop in usage this year. Usually, estate agents are some of our best clients . . . but we get only half the number of orders now because the market has collapsed."

These few examples of seasonal generosity stand out in a year in which company after company has spoken of belt-tightening and the retail squeeze.

However, even in lean years companies appear loth to end promotional corporate hospitality, on which they spend about £2bn a year. They can justify this as an essential marketing tool, while an ex-gratia bonus to loyal employees reads as "free gift" on the bottom line.

In the City, bonuses have been cut resulting in some painful consequences. Traders, brokers and dealers earn relatively small basic salaries and are supposed to top them up with hefty bonuses at the end of the year.

Securities houses normally set aside 10 per cent of their net profits to distribute as bonuses. Yet if the house expects to make a loss rather than a profit, the salesman's bonus is treated as the icing on a non-existent cake, and is the first thing to go.

At Nikko, the Japanese securities house, one trader – who for reasons of pride will not be named – has had his annual review and now wants to quit. With a basic salary of £22,000, he was awarded a mere £2,000 after what he considered to be a singularly productive and hectic year.

Warburg's, the UK securities house, recently surprised the City with its healthy results; but like staff in most other City institutions, Warburg's employees still have to do without a Christmas bonus.

Among the the four big Japanese securities houses, Nomura, is singled out for generosity. "It is more like a US investment bank and pays like Americans," sighs a corporate financier at Yamaichi, where staff are limited to a maximum bonus of £10,000.

Paying like Americans means paying a lot. One story doing the rounds this penny-pinching year is that all five traders on the Japanese equity warrant desk at one US investment bank received $1m in their Christmas stockings.

According to Industrial Relations Services, this year has not been that unusual, in spite of the squeeze on corporate profits. In some cases, that squeeze has been just the pretext treasurers and managers have waited for so as to cut bonuses altogether.

The Industrial Relations Services (IRS) December survey of the "extent of employers' largesse to their employees as the season of goodwill approaches" in its Pay and Benefits Bulletin, reveals that few UK employees will be receiving

extra payments this Christmas, although employees in retailing and banking do better than those in most other sectors. As a rule, paternalistic payments have been replaced with performance incentives.

Christmas parties too – the traditional office beano on the company – seem to be growing scarcer because, according to one theory, such an extravagance might appear indulgent in times of relative economic stringency.

Another explanation is the worry about drinking and driving, while some company PRs blame it on a lack of camaraderie among office workers.

Unilever leaves it to department heads to decide whether or not to have an office gathering at Christmas and provides facilities in-house. "Quite a few departments have not bothered in recent years," the company says.

Hanson, the Anglo-US conglomerate, has "a jolly dinner-dance at a local hotel" for its 100 headquarters staff. It did not disclose the cost but described it as "a very generous occasion."

Widespread reluctance to discuss the cost of Christmas parties might be a sign of the times. At stockbrokers James Capel, reputed to throw a good do at this time of year, it was explained as perhaps appearing "frivolous in this economic environment."

The Bank of England takes a modern approach. Parties "have to be self-financed." The Bank's club and in-house caterers can be used to keep down costs. The lack of subsidy has spawned a series of raffles and sweepstakes to raise money for the occasion.

Less mundane factors than economic stringency have this year taken their toll. Would-be revellers working for the National Rivers' Authority had to cancel their Christmas dinner at a pub in Bathampton, near Bath after the River Avon burst its banks and flooded the establishment.

British Gas, perhaps as a hangover from public ownership, has a policy attuned to the time: "Parties are not provided by the company."

Commercial caterers have the market down to a fine art nevertheless. Moving Venue Caterers, based in London, provides parties in the London Dungeon tourist venue, where party guests can browse around the instruments of torture but are forbidden to use them.

Ms Catherine Raymond, the MVC marketing executive, says the volume of inquiries is as high as ever, but some clients have reduced the amount they spend.

The Natural History Museum in London has been filled with corporate staff parties every night this month, but several companies have had to cancel because of a reversal of their economic fortunes, according to Mr Reg North, the museum's functions manager.

Robert Fleming, the securities' house, was unabashed to disclose that it spends about £50 a head to treat its 1,000 staff at the Café Royal. The sole concession to economy is that it no longer invites partners.

Meanness is in accord with the British tradition, according to IRS. Civil servants get no seasonal hampers. Public sector employees as rule do not get Christmas gratuities. As London Underground puts it, only profit-making organisations share profits with their employees.

UK, employers have always been mean to a fault compared with their European counterparts. Belgium, France and West Germany habitually pay their employees 13-month salaries as a bonus.

Indignant UK employers, however, might want to point out that other countries tend to miss out on the "yuletide gratuity presentation." Choosing between a month's salary and a defrosted turkey could take all of next year.

LEGAL NOTICES

NO. 007544 of 1989
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
THE HONOURABLE MR. JUSTICE MERVYN DAVIES
MONDAY 18TH DECEMBER 1989
IN THE MATTER of: BUSINESS TECHNOLOGY GROUP PLC
-and-
IN THE MATTER of: THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 18th December 1989 confirming the reduction of the Share Premium Account of the above-named Company by £5,166,132.84 was registered by the Registrar of Companies on 21st December 1989

Dated the 21st December 1989

Macfarlanes
10 Norwich Street
London EC4A 1BD

Solicitors for the above named Company

No. [illegible] of 1989
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF [illegible] ENGINEERING PRODUCTS LIMITED
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 4th day of December 1989 confirming the reduction of the capital of the above-named Company from £1,200,000 to £[illegible] and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on 7th December 1989.

Dated this 22nd day of December 1989

LANE & PARTNERS
46/47 Bloomsbury Square
London WC1A 2RU
Ref: CMPL/134.16
Solicitors for the Company

UK NEWS

Compromise on ITV network plan

By Raymond Snoddy

THE Government has made its first significant compromise on broadcasting policy within a few weeks of publishing its Broadcasting Bill.

Ministers have accepted the arguments of Mr George Russell, chairman of the Independent Broadcasting Authority, and of much of the broadcasting industry, that the companies which win the competitive tenders for the Channel 3 franchises, as ITV will be known in future, will form a network.

In a letter to the Confederation of British Industry, Mr David Mellor, the Home Office Minister responsible for broadcasting, says he accepts that Channel 3 licensees "in order to operate efficiently will wish to form a network."

It was extremely unlikely that any bidder could cross the Government's "quality threshold" without having cost sharing arrangements on programmes with other licensees.

Mr Mellor said it would be wrong for the Independent Television Commission, which will replace the IBA, to impose a network.

But there is now no doubt that the Government accepts the need for a network.

The network issue is of fundamental financial importance to the future of commercial broadcasting in the UK. Without a national network each of the companies would have to make, and pay for, a higher proportion of programmes.

At the moment, the top five ITV companies make a high proportion of the programmes shown nationally with smaller ITV companies concentrating on regional programming.

Mellor: accepts network

Mr Russell has argued that without at least a provisional network, he will be unable to evaluate bids for franchises because no bidder would know how many programmes it would have to make to fulfill its programme obligations and therefore any budget would be unrealistic.

The white paper on broadcasting said any network provision should be left to the companies.

The CBI also asked the Government to think again on its plans to award commercial broadcasting licences to the highest bidder and to apply a quality criteria.

Mr Mellor said that it would be invidious for the ITC "to have to judge whether a lower bidder offered a quality of service which represented greater value for money than someone who had bid a larger amount."

Jay moves from Maxwell to BBC news job

MR PETER JAY, the former British ambassador to the US, to is to become the BBC's business and economics editor, writes Raymond Snoddy.

Mr Jay, 52, a former economics editor of The Times, is leaving his post as "chief of staff" to Mr Robert Maxwell, the publisher, and will join the BBC's news and current affairs department early in the new year.

He will be responsible for a service of finance and business news and analysis to general programmes on television and radio. He will also manage coverage for programmes like The Financial World Tonight on Radio 4, and television's The Money Programme, which he will present.

Mr Ted Graham is also leaving his post as editorial operations director at Mr Maxwell's Mirror Group Newspapers.

Mirror moves into regions

By Raymond Snoddy

MIRROR Group Newspapers plans to take on the regional advertising market early in the new year with specially produced editorial inserts aimed at specific parts of the country.

It will be the first time that national newspapers have been able directly to take on regional titles such as the Manchester Evening News or the Birmingham Evening Mail in the battle for local advertising revenue.

Mr Robert Maxwell, publisher of Mirror Group Newspapers, was the first national publisher to instal inserting equipment, although the Financial Times has followed hard on his heels and Mr Rupert Murdoch's News International plans to instal the equipment next year.

The equipment, made by Ferag of Switzerland, allows pre-printed inserts – everything from brochures and company reports to special regional news or magazine sections – to be inserted into papers at up to 70,000 copies an hour, the same speed as the presses.

Mr Roger Eastoe, advertisement director of MGN, declines to say precisely what form the company's regional editorial initiative will take, but confirms that it will happen in the new year and will be backed by a concerted effort to sell regional advertising.

Mr Eastoe says the new technology gives MGN the ability to insert an advertising special about the opening of a shop in all copies of the Daily Mirror within a 25-mile radius.

"In the US, 10 per cent of advertising revenue in newspapers comes from inserting. I would like to think the same could happen in the UK within two years and possibly from year one," Mr Eastoe said.

There has been a positive reaction to experimental inserts already carried in the Daily Mirror, and the first national inserts have already been carried for the Norwich Union.

"We already have considerable interest," he said, adding that he already had bookings for 6m inserts.

"We are looking at big potential," said Mr Eastoe, who is charging between £24 and £40 a thousand for inserts, depending on the number of pages and when they appear.

In the US the newspaper insert market was worth £3.7bn in 1988. The West German figure was £140m and in the UK the total was £12m, most of it in colour magazines.

The Financial Times plans to begin inserting early in the new year with a rate of about £70 a thousand, although the paper will limit the number of inserts to one per issue of the paper.

Mr Richard McClean, deputy chief executive of the Financial Times, believed inserting would provide a significant revenue stream, particularly for papers like the FT with a closely targeted audience.

By leading the way in both the use of inserting and introduction of colour, Mr Maxwell believes he has kept his promise to use new newspaper technology to win advertising revenue back from commercial television.

Care system for Glasgow tenants

By Anthony Moreton

COUNCIL houses in Glasgow are to be equipped with a sophisticated alarm and care system which will give the tenants 24-hour security.

If a tenant needs assistance, he or she will be able to alert the local housing office by pushing a button or pulling a cord.

The system, called Omega, was developed by AB Wolsey, part of the AB Electronic Products Group. Glasgow council has signed a £1.5m contract which will provide alarms for some 3,000 council houses as part of a £14m programme that will eventually provide cover for the 30,000 houses and flats it owns.

AB Wolsey claims the system will be particularly helpful to the elderly, disabled and mentally handicapped.

The company says Omega also offers protection against hypothermia, fire, and burglary.

Omega allows two-way speech from any room in the house to the council offices as well as activating an alarm.

It also includes temperature monitors which alert staff in the housing offices if the temperature in a room falls to a point where hypothermia is a possibility.

Second stage of Cardiff Airport upgrading starts

By Anthony Moreton

WORK has begun on the second stage of the £5.5m plan to upgrade facilities at Cardiff Airport.

Modern escalators, an enlarged public lounge and new offices to handle cargo will be ready by March to cater for an expected rise in the number of passengers and cargo handled in the 1990s.

These works are costing £700,000 and are part of a £5.5m scheme over five years to upgrade the airport's services.

Mr Ian Cran airport director, said: "We anticipate 1m passengers a year will use Cardiff Airport in the 1990s, especially as our transatlantic services to New York, Florida, Toronto and Mexico grow."

Coupled with this was an increasing interest in using the airport as a cargo hub serving an extensive network of scheduled services, he added.

EMPLOYMENT

Pay bill at Sharp will increase by 10.2%

By Michael Smith

SHARP, the consumer electronics group, has agreed a pay deal which will increase the pay bill for its 1,200 Wrexham, Clwyd, staff by 10.2 per cent.

The agreement, secured by the EETPU electricians' union, which has a single-union deal at the site, is a further indication of the growing pressure on companies to allow settlements at levels well above the 7.7 per cent rate of inflation.

It compares with other high settlements agreed at Nissan, the Japanese vehicles group, whose north-east of England workforce has recently won a 10.2 rise, and Vauxhall, whose workers this week accepted a 9.7 per cent rise in the first year of a two-year deal.

At Sharp, the basic increase is 7.6 per cent. However, the company has also agreed to introduce bonuses as part of a revised grading structure and to increase attendance allowances.

Mr Brendan Doyle, EETPU regional official, said some Sharp employees would receive rises of up to 14.4 per cent under the agreement.

He said one reason for the high settlement was that the demand for quality labour in the area outstripped supply.

Mr Michael Williams, Sharp personnel manager, said there was considerable competition for labour from neighbouring companies.

Although the company was still able to attract the kind of employees it wanted, problems would grow as unemployment declined and the number of school leavers fell in the 1990s.

Fears over hazard awareness

By Diane Summers, Labour Staff

A SURVEY has found that only 38 per cent of businesses had heard of new regulations on hazardous subetances.

Of those of who know of the regulations in the 2,000 small businesses in the survey, by the Health and Safety Executive, two-thirds were doing nothing about them.

The executive yesterday expressed concern about this level of awareness. It said it was not looking for perfection – the immediate need was to draw up priorities and take action to protect individuals.

Under The Control of Substances Hazardous to Health (COSHH) Regulations 1988, which came into force in October, the deadline for assessing risks in the workplace is January 1.

In the survey, of those who were aware of the regulations, most knew that they applied to health and safety in the workplace, especially the prevention and control of exposure to hazardous substances. It was very, or quite, relevant to their business said 40 per cent. However, 30 per cent said that it was not relevant.

The smallest businesses were the least well informed: only 31 per cent of those with 1-4 employees knew of the regulations.

Only 28 per cent of the service sector were aware of the regulations.

Offer of 7.75% from Barclays is 'unacceptable'

By Fiona Thompson

BARCLAYS BANK has offered staff an annual increase of 7.75 per cent or £500, whichever is the greater. For non-managerial staff the increase would be paid from February 1 next year, for managerial staff from May 1.

The Barclays Group Staff Union said the offer was unacceptable. The union last month lodged a claim for a 14.5 per cent pay increase and a new grading structure for the 10,000 managerial and 80,000 non-managerial staff.

The union is deeply opposed to the company's plan to change the settlement date for managers from February to May.

BGSU said yesterday it was "a blatant attempt to divide the pay negotiations for managerial staff from the main body of the staff to the serious disadvantage of both."

The managers have been offered a non-pensionable 2½ per cent cash bonus to make up for having to wait an additional three months for their increases.

But this is conditional on the union delivering an agreement on the introduction from May 1990 of new job evaluation, grading and salary scales leading to the implementation of a performance-evaluation pay scheme for managers from January, 1991.

Ambulance union leaders predict grim Christmas

By Fiona Thompson, Labour Staff

AMBULANCE union leaders warned yesterday that the Christmas period would be particularly grim as soldiers and police try to maintain an emergency service in areas worst affected by the 14 week long dispute.

The Army was last night called in to cover the Hereford and Worcester area over Christmas and new year, the busiest period of the year for the emergency service.

Mr Cliff Orme, chief ambulance officer, said the decision was made after union leaders were unable to guarantee adequate emergency cover.

"It left me with no alternative," he said. He hoped to be able to call off the army after the holiday.

In the West Midlands, all calls were going through to the army and the police after the regional health authority ordered that telephone lines into 20 of the 21 ambulance stations be cut. The ambulance crews had appealed to the public, doctors and hospitals to dial directly to their local ambulance stations.

Mr John Dempsey, regional officer in the West Midlands of NUPE, the main ambulance union, said yesterday that crews there used to have a good relationship with the chief ambulance officer. "But now the health authority skinheads are in with their hobnail boots on."

The West Midlands ambulance service covers 2.8m people over 345 square miles in Birmingham, Coverntry and the Black Country towns of Wolverhampton, Walsall, Halesowen and Dudley.

Nupe said that all ambulance stations in Dorset had had their telephone lines cut off yesterday on the order of the county's chief ambulance officer, to prevent the public ringing direct.

The union said yesterday that in London, emergency calls could total 200 an hour from today, and reach a peak of 360 calls an hour on New Year's Eve.

It would be "impossible" for the army and police to cope, it said.

The Department of Health said it was not possible to predict how well the police and Army would cope over Christmas.

"Inevitably it depends on the level of activity. Managers shall ensure that the service is monitored. Certainly, they have been able to cope so far."

Surrey's non-emergency ambulance crews were told yesterday they had until December 26 to agree to return to work from January 2. If they did not do so, the county would bring in outside contractors who would not necessarily be removed after the dispute.

Pension prospects will improve for part-time civil servants

By Lisa Wood, Labour Staff

PART-TIME civil servants working less than 15 hours a week will next year have an improved chance of a pension.

Anybody whose weekly hours average 15 hours or more over a conditioned period will, after January 1 1990, be eligible for membership of the Civil Service pension scheme, under new rules agreed between the Treasury and the Council for Civil Service Unions (CCSU).

That simplifies the previous rules which took into account weeks rather than hours worked.

The new arrangements are part of a broader strategy in the Civil Service to develop different working patterns in order to extend the potential field of recruits and to advance equal opportunities in the profession.

Some measures have already been established, such as flexible working. Under the arrangements for part-time workers, staff who work only certain times of the year will have only to meet the eligibility test for the period they are required to work.

Once eligibility is established, the officer's service will qualify in full, including the periods in which no work is required.

All hours worked will count for pension purposes.

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Democracy spreads

THE EUROPEAN Community has become a great pole of attraction, and never more so than in 1989. Sometimes that is more apparent to those outside the Community than to those within. The Japanese have grown to respect it, and to treat it warily. President Bush takes it more seriously than some of his predecessors. His Secretary of State, Mr James Baker, has been speaking of it as an essential part of the new world architecture. Even those European countries which are not members are now showing an interest in joining. That goes for Nordic Europe as well as the presently more febrile states in the East.

To put matters in perspective, it is worth noting that the Union of Soviet Socialist Republics is unlikely to acquire another member. Its empire is diminishing. It is also quite hard to imagine the enlargement of the US, or even a greater Japan. The European Community, by contrast, is a club with a waiting list for membership.

All that is an achievement in itself. There are other achievements, some of them perhaps so long established as to have been almost forgotten. In the early years, for example, the Community brought France and the Federal Republic of Germany together. That was an historic development at the time. More recently, Spain and Portugal ended their dictatorships and entered the Community. They would never have been allowed to do so under Franco and Salazar. Much the same may be said of Greece, where dictatorship was more spasmodic. Democracy was a condition of entry: experience so far suggests that membership helps to maintain democracy.

Tumultuous change

Now there are the countries of eastern Europe, which have gone through such tumultuous change in the last few months. To take one dramatic illustration: it would have been hard to conceive that the reopening of the Brandenburg Gate in Berlin might have to take second place in the news to the fall of the tyrant in Romania. Many people – wise and experienced diplomats among them – thought, and perhaps hoped, that the gate would remain closed at least until the end of this century. There was also a widespread belief that President Ceausescu still had a certain staying power. Yet both events have happened.

By now, it should go almost without saying that none of the changes in eastern Europe could have taken place without the liberalisation in the Soviet Union under President Gorbachev. It is far from clear that Mr Gorbachev can bring about the twin miracles of greater democracy and rising prosperity, while holding his country together. Nevertheless, it is hard to imagine the eastern European clock being put back to (say) 1968 when Soviet military power controlled all.

The common home

That brings us back to the European Community: its opportunities and responsibilities. The east European States do not aspire to it because they want to join the common agricultural policy or any of the other mechanisms which tend to turn Britons especially against Brussels. It is because they see Europe – in a phrase first used by the late President Brezhnev, then taken up by Mr Gorbachev – as the common European home. The Community is a collection of democracies: it works, it is organic and it grows.

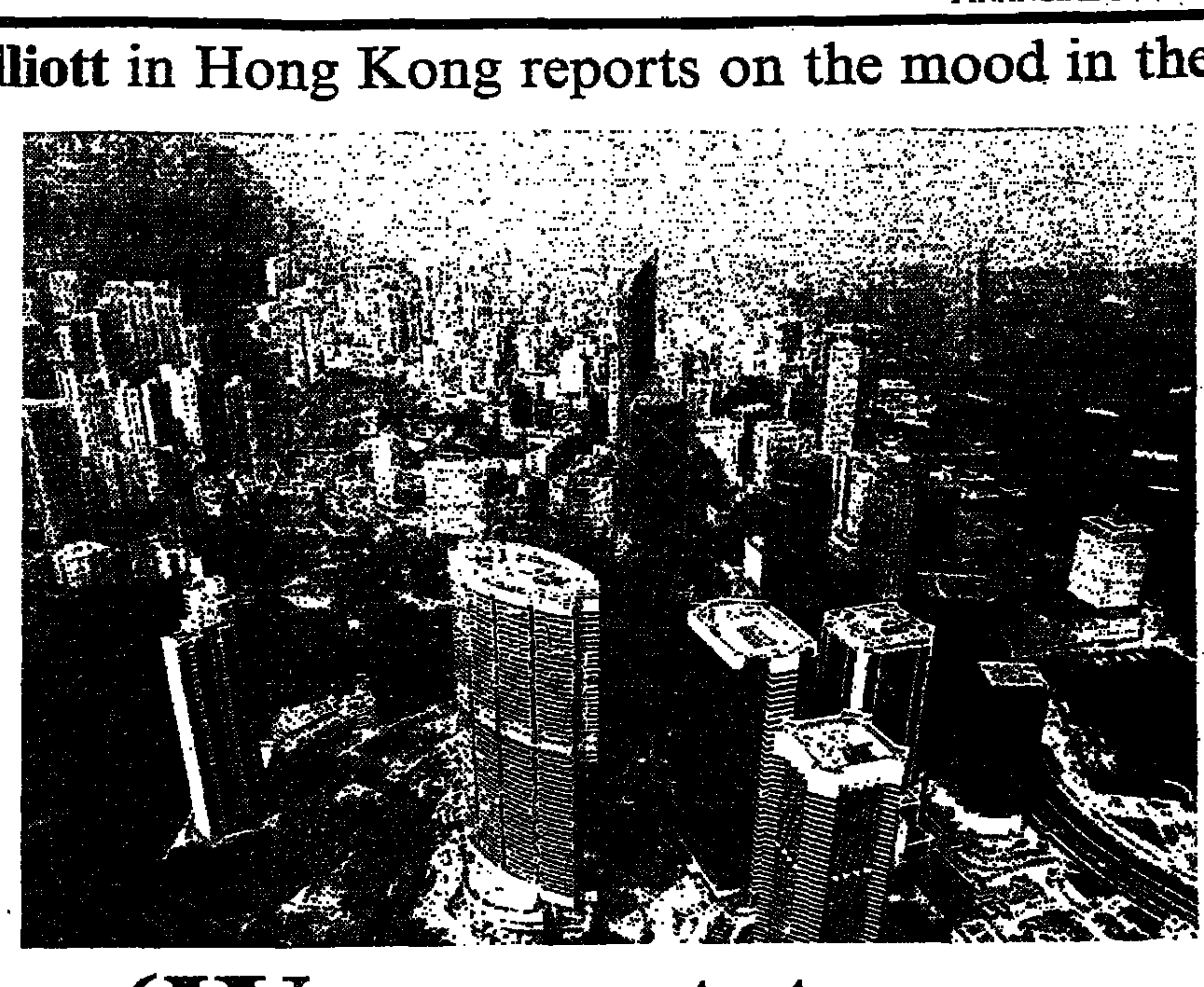
It is not perhaps as efficient or as productive as Japan, or even the US. But even those two economic superpowers have come to recognise the Community as a force that matters, economically and politically. Given the internal difficulties in China and the Soviet Union, it will be the Community, the US and Japan which will shape the economic world of the 1990s.

Each of them has something in common. They have neighbours which are much poorer than themselves. The US has Latin America, Japan has parts of Asia and Europe has Africa. Whatever the three economic super-blocs may do among themselves, it is imperative that they pay more attention to their own backyards. For the excitements in eastern Europe may have had one slight disadvantage: they have distracted interest from the fact that much of the Third World is getting poorer, sicker and less well-governed than it ought to be.

The challenge for the European Community is probably much greater than it is either for the US or Japan. It is not used to such responsibilities and is more accustomed to quarrel within itself about relatively small matters. But the opportunities for the Community are greater as well. It must do its utmost to reach association agreements with all those states which want them and to resolve not to be a club solely for the "haves." Eastern Europe and Africa should be the prime targets for the new year.

The Community is potentially the most dynamic grouping in the world today. The people who see that least are its own members.

John Elliott in Hong Kong reports on the mood in the colony



'We want to go because of China'

Stuck precariously on rocky hills at the southern tip of China, Hong Kong has become the world's only multi-storey refugee camp. If the colony is anything, it is a centre for making money. Here people who have fled as refugees from the mainland only a few miles away have been able to stop, build fortunes in an open economy, and then plan for the future by moving some of their relatives and wealth to other parts of the world.

The refugee mentality has been Hong Kong's strength, but it is now its weakness. In 1997, the people who arrived from China with nothing will see their glittering dynamic city revert to the sovereignty of the Communist regime from which they or their parents fled.

They want to be free, therefore, to move on somewhere else to ensure that their children do not have to flee as penniless refugees later. The urgency has risen since June. First the Tiananmen Square crisis showed the potential harshness of Peking's Communist rulers. Now the past few days have confirmed that the UK, which has ruled the colony for approaching 150 years, is not going to be generous with passports and rights of abode. That has been greeted not with anger but with resignation.

"I'm applying to go to Australia to get passports for the sake of my children, especially my youngest who is four," says Mr Andrew Chan, a 48-year old senior executive in financial services. In June he was saying he would try to leave if Mr Li Peng came to power in Peking. Now he has gone ahead.

"At my age I probably wouldn't qualify for the British scheme and in any case I don't want to go to the UK and I certainly don't want to wait a year or so to see if I would qualify. Many of my colleagues are also applying to go to Canada or Australia."

Mr Chan is typical of the lucky 10 per cent to 15 per cent minority of Hong Kong's 5.6m ethnic Chinese population who, on present trends, have a chance of obtaining the insurance of foreign passports before 1997. He is also typical because, like many ordinary people, he is far less willing now than a few months ago to be quoted in newspapers because he fears his name will be marked by Peking. So, along with some others quoted here, Mr Chan's name has been changed.

"We have to consider how we can conserve the gains we have achieved," says Mr Y.K. Lo, a 29-year old bank employee who has obtained one of 12,000 permanent resident permits issued in Hong Kong since the summer by Singapore. He wants to emigrate to Singapore within a couple of years to turn the permit into a full passport. He need not go for five, or maybe even 10, years; but he does not trust governments' promises and wants the full document.

"We think that things might not get worse for maybe 10 or 20 years after 1997 because China will not want to lose face so soon after taking over," says Mr Lo. "But we must ask what is the future after those first years, and we worry about the risk of more political turmoil in China."

Mr Lo comes from a poor fisherman's family that emigrated from Fujien province in the 1950s. Typical of his young and upwardly mobile generation, he has left his family in their Kowloon government housing and has his own small flat at the eastern end of Hong Kong island.

"As a child one has been very keen to succeed because anyone who has the ability to do so can succeed. That's why we must protect the gains we made." His family, including several brothers and sisters, are not so politically aware nor so worried because they have less to lose.

"For them the main thing is the immediate future and whether they will get better off," he explains, demonstrating the refugees' constant striving for betterment in this generation or the next.

About 260,000 people have joined Hong Kong's brain drain in the 1980s, mostly going to Canada, Australia and the US. This year's expected total of close to 45,000 emigrants is expected by the government to rise to 55,000 next year and then level off around 60,000.

On that basis another 400,00 could go to the existing brain drain destinations before 1997. This figure might not be reduced much by the UK's 225,000 passport package (based on 50,000 heads of households) because of the long queues; and there is also a chance of more passport offers from other countries. But that still leaves 5m or so who have little if any chance of leaving or obtaining passports.

There is a risk that the issuing of the passports will itself be divisive and that it will increase problems during the next few years, which are bound to become increasingly tense and difficult as 1997 approaches.

Some officials argue that divisiveness is not in the nature of Hong Kong's pyramid Chinese society where most people are used to being unable to share in the riches and luck of those on top. That view also supports the argument that a couple of hundred thousand British passports will generally increase confidence.

Tensions are however bound to arise, especially in the civil service and police force where people are already becoming restive and demoralised, with some signs of labour unrest. Recruitment into the police has slumped as young men and women have become loth to be responsible for actions which might be held against them after 1997.

Others are loth to join a bureaucracy which will mean them serving China, albeit within what is intended to be the highly autonomous Special Administrative Region of Hong Kong.

This issue will make it increasingly difficult to govern Hong Kong in the next few years and the problem could be greatly worsened if the British parliament throws out this week's passports package.

That would cause a serious loss of British credibility. "You'd be heading for quite serious trouble here if that happened," says Mr Simon Murray, managing director of Hutchison Whampoa and a leading member of the Honour Hong Kong Passports campaign.

"Mr Kaufman and the Labour Party are talking about the 225,000 package causing bitterness and divisiveness but I can't think of anything that would cause greater bitterness than parliament throwing the package out or a Labour government cancelling it in the future."

The passports issue has come to a head at the end of a year which has seen a serious loss of confidence in Hong Kong following the Tiananmen Square clampdown. The rawness of emotions in the colony has also been increased by the crisis over the Vietnamese boat people.

Economic growth has been halved to about 3 per cent, with the risk of a further slowing down next year, and the stock market has not recovered its pre-June buoyancy.

The overheated property market has been cooled and tourism has fallen off to such an extent that occupancy of some five-star hotels is down by a third from last Christmas at well under 50 per cent.

Final drafting has begun this month of the Basic Law which will be Hong Kong's constitution after 1997. This has also done nothing to boost confidence, although people like Mr Lo dismiss the proposed law as a "waste of time." Peking, he says echoing widely held views, will "do what it likes after 1997."

> 'We think that things might not get worse for maybe 10 or 20 years after 1997. But we must ask what is the future after those first years'

Peking officials responsible for the final drafting have ensured that the pace of democratic development in the colony is not speeded up. They are rejecting all demands for faster progress that have emerged since June; their officials have insisted that a marginal improvement they have proposed for the proportion (30 per cent instead of 27 per cent) of directly elected seats on the legislature was decided on in Peking earlier this year. None of the demands that have emerged as a reaction to the Tiananmen Square clampdown are admissible, they say.

The reality of Peking's ability to rule or influence Hong Kong directly or indirectly is also becoming increasingly more obvious. In business terms its tentacles are expanding. This month, for example, has seen the news that the Peking-controlled China International Trust and Investment Corporation is negotiating to buy into the colony's communications industries through stakes in Cable and Wireless's Hongkong Telecommunications subsidiary and in the small air carrier Dragonair (it already has a stake in Cathay Pacific Airways).

Mr Jiang Zemin, China's Communist Party general secretary, sounded warnings on Thursday about Hong Kong over-reaching itself with its HK$127bn airport, container port and other infrastructure plans for the 1990s. That sort of remark does nothing to help the government entice foreign investors and illustrates how easy it is for Peking to interfere.

Some community leaders are now demanding that Hong Kong abandon the war of words with China waged since Tiananmen Square and recognise the reality of its future sovereign rulers. "The people who are left here in 1997 will depend on Peking, not London, so if President Bush can start mending fences with Peking, so should Hong Kong," says Sir David Akers-Jones. He was the colony's chief secretary till 1987 and now runs the Housing Authority.

"Whether we like it or not, we must trust China and I think that Peking is in a mood to recognise any move from Hong Kong which showed that we realised the reality of the future. Delegations should be going to Peking all the time, not London."

A similar point is made by Mr Vincent Lo, one of the colony's prominent young entrepreneurs who has close contacts with Peking and is convener of a businessmen's right-wing lobby group on the Basic Law. "The longer the war of words with Peking goes on, the more confidence here is harmed," he says. "The two governments for example must be working together if we are to raise the funds for the HK$127bn infrastructure projects."

Businessmen like Mr Lo want a stable environment in which to cash in on what they say are Hong Kong's unique money-making characteristics. They say they find it very difficult to do so well elsewhere. "In Hong Kong it is easy to make money – we find it more difficult abroad," says Mr Peter Woo, chairman of Sir Yue Kong Pao's World and Wharf property, hotels and trading companies.

Men like these talk about how much tougher the environment is in places where they would like to expand such as Singapore, the US and Canada. Generally, therefore, they intend to continue investing in Hong Kong so long as they can see good returns, while putting more of their corporate investments and personal wealth abroad. They also station relatives overseas and establish alternative rights of abode.

For those less well off it is not so easy. But, as refugees, they will carry on trying to improve their lot, and to escape, and they are all experts on overseas countries' immigration rating systems. "We all want to go because we are afraid of China," says Terry Leung, a secretary in her 20s. "But I know I can't go because of low ratings in Canada and Australia for secretaries and my husband's job – he's a driver. So we must stay and make the best of it."

But what about her single sisters and friends? "Oh, for them there's always the final solution of marriage to someone with a passport."

A Catholic Christmas in Prague

John Lloyd listens to the singing in Czechoslovakia's churches

Christmas Eve services will be held in churches all over Czechoslovakia this year: in the beautiful high-arched churches of Prague, in the grimy modern chapels of the post-war industrial sprawl of Ostrava in northern Moravia, in the strongly Catholic parishes of Slovakia. It will be quite a *Christmassy* Christmas, or so everyone expects.

They were limbering up for it earlier this week in the old Saint Marketa monastery outside Prague, near the airport. In a great, peeling room, a big woman was banging on a piano with a sausagey finger while a choir of teenage girls, as pert and self-conscious as they would have been in Saint Andrews or Santa Barbara, were singing a carol. A few days later, they were singing it outside the Narodni Trida metro station in the heart of the city. "I wonder if they know what they're singing?" asks Jozef Hromadka, deputy Prime Minister in charge of religious matters. Mr Hromadka is the officially approved head of the Protestant Church, who both carefully tended the dwindling Protestant flock and gave the recently departed regime of Gustav Husak a religious figure to put on the podia and the media.

Mrs Dana Nemcova, a Charter 77 signatory and civil rights activist, a Catholic who is a critic of her own church's conservatism, says of Mr Hromadka: "He gave the impression that there was religious freedom here in these last years, and it was a lie." It was the Catholics, with a rival universal ideology and a general staff in Rome to rival Moscow's, who were always seen by the Communists as the first enemy. Their monasteries and convents were dissolved, priests and monks executed or put in concentration camps, their churches closed or at best confined to the most modest of ceremonies. Belief and worship had to be private.

At Saint Marketa, Father Alois Kansky presides. A man in his early thirties, handsome in his black soutane, he has tried to push his faith out to the tolerated limits. He has held Christmas Eve services in the fine early 18th century Baroque church within the monastery's walls for the past four years: "You had to be on your guard. The way such services were disrupted was that hooligans would turn up and cause a disturbance, and then the authorities would close it down because there was public disorder. So we had to try to keep these people out."

Perhaps because he is out of town, the services survived and were very popular. "But in the centre of Prague, and in other towns, there was nothing. Sometimes it was a physical matter: most of the priests are very old, they could not take midnight services and then get up to celebrate Christmas as well." Besides, many of these old men had withdrawn, anxious not to give any reason for offence or closure, concentrating on the liturgy and the quiet repetition of the ritual and the whispered sins of the faithful in the creaking, dusty confessionals.

Vaclav Rudolf is a civil engineer from Pilsen: there, as elsewhere, the secret police routinely compiled lists of those who went to church. He has three sons: when the older two went to school, he asked the school's director to give them religious education: the man agreed, but told Rudolf: "Be careful. You know that carries a penalty." When they graduated with good marks, the general comments on their reports – where a warm endorsement might have been expected – were: "He comes from a believer's family."

Rudolf himself could never have expected to get promotion, or to be sent abroad. "But that will all change now; you can become the director." "No," he answered, "I couldn't: I haven't had the training and now I have lost any ambition."

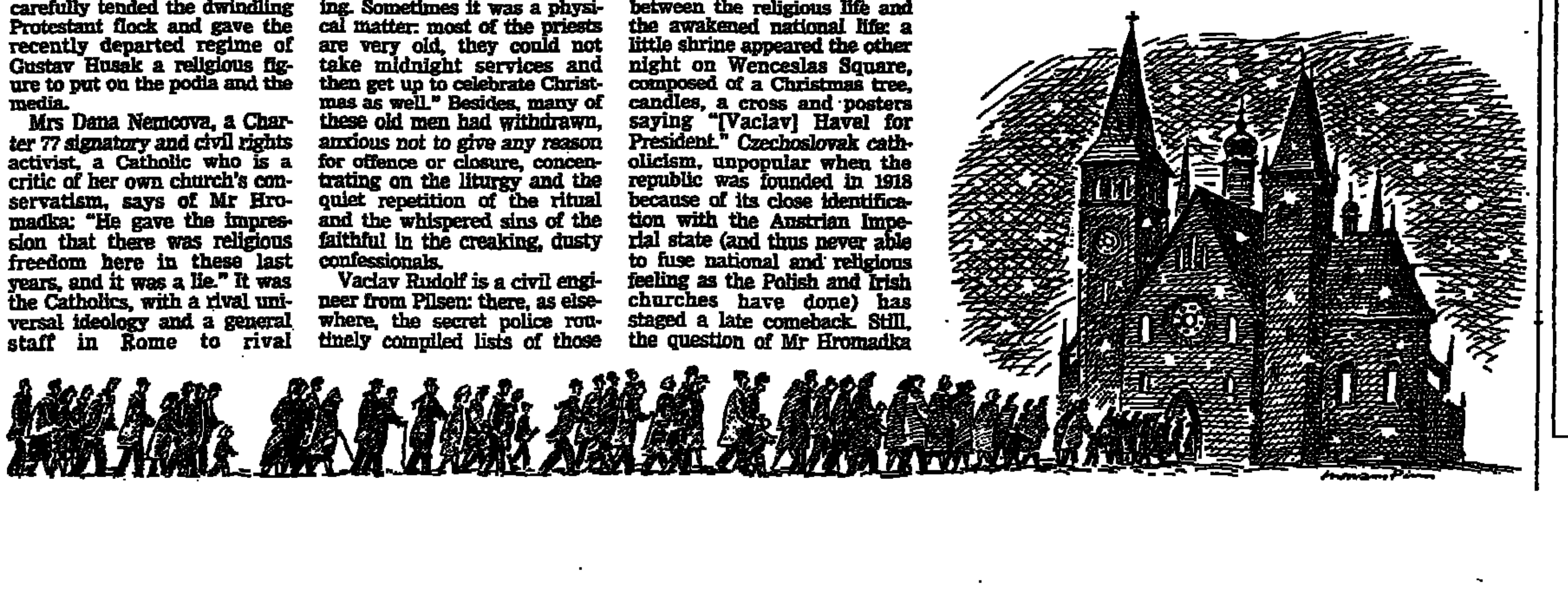
Religion was tolerated when it was confined to a small, inwardly turned circle. But now the circle can be enlarged: it will be a Catholic Christmas, on the streets, in the churches, even on television. "The church has gained great credit for its opposition these last 40 years," says Father Kansky, and that is obviously true. There is a kind of fusion between the religious life and the awakened national life: a little shrine appeared the other night on Wenceslas Square, composed of a Christmas tree, candles, a cross and posters saying "[Vaclav] Havel for President." Czechoslovak catholicism, unpopular when the republic was founded in 1918 because of its close identification with the Austrian Imperial state (and thus never able to fuse national and religious feeling as the Polish and Irish churches have done) has staged a late comeback. Still, the question of Mr Hromadka – "do they know what they are singing?" needs an answer.

"In past years, the church was not damaged," Father Kansky says. "On the contrary, its quality increased. The internal life of the believers became much stronger." But what now? Dana Nemcova is convinced that the young will turn to the church "because of the vacuum elsewhere. Yes, it is a search for faith." But, as she asks, to whom will they turn? There are few priests like Alois Kansky: the two seminaries turn out a handful each year (though more will now be founded). This is largely an urban industrial society where religion was faltering before the Communists martyred it. Now, having lost its faith – and very many had faith – in communism, does religious devotion come rushing back?

It has been a good year for the churches in eastern Europe – for the Polish and Czechoslovak Catholics, for the East German Lutherans, for the Russian Orthodox, all suddenly transformed by their former oppressors into honoured estates in a new civil society. Even the shattered fragments of the Jewish communities, those who still live in this graveyard of their people, have had new cultural centres pressed upon them.

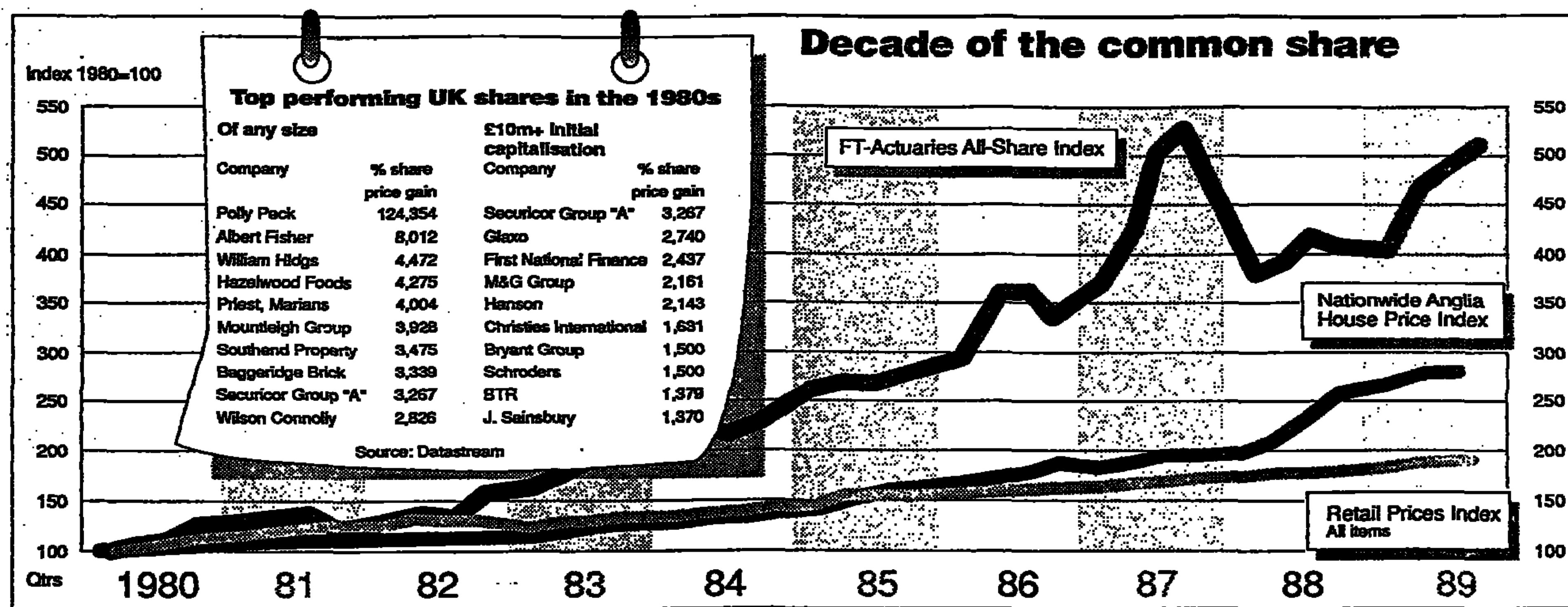
Cardinal Tomasek, the nonagenarian Primate of Czechoslovakia, celebrated the beatification of St Agnes of Bohemia in St Vitus's Cathedral a few days after the November 17 demonstration had knocked the will out of the regime. Trembling with age, almost supported by young priests, he nevertheless led the prayers and praise in a clear, strong voice.

Did they know what they were singing about? Know that they were presuming that a special place in paradise had been reserved for this daughter of Bohemia? Or was that the point – that they were again free publicly to make this vast presumption of eternity, which seems to have retained a force against which Marxist-Leninist rationalism has beaten in vain.



Barry Riley looks at where the wise and the fortunate put their money during the 1980s

Why the decade's investors should be in festive mood



Top performing UK shares in the 1980s

Of any size: Company	% share price gain	£10m+ initial capitalisation: Company	% share price gain
Polly Peck	124,354	Securicor Group "A"	3,267
Albert Fisher	8,012	Glaxo	2,740
William Hldgs	4,472	First National Finance	2,437
Hazelwood Foods	4,275	M&G Group	2,161
Priest, Marians	4,004	Hanson	2,143
Mountleigh Group	3,928	Christies International	1,631
Southend Property	3,475	Bryant Group	1,500
Baggeridge Brick	3,339	Schroders	1,500
Securicor Group "A"	3,267	BTR	1,379
Wilson Connolly	2,826	J. Sainsbury	1,370

Source: Datastream

Investors had better celebrate the 1980s. It seems impossible that the 1990s could ever be as good. But perhaps they don't need to be.

Compared with the sluggish and inflationary 1970s the past 10 years have brought enormous economic improvements in Britain and savers have benefited – particularly from the fall in the proportion of national income going to wage-earners.

But it has not been roses all the way. The decade began with a savage recession: gross domestic product tumbled by more than 2 per cent in 1980, and the inflation rate was 15 per cent. Even so the UK stock market boomed that year, rising by nearly 30 per cent, and that was to set a pattern.

There has not been a down year for the UK equity market in the whole decade (though 1987 came close) and the average annual return to a tax-free investor such as a pension fund has been some 23 per cent.

Building society investors have naturally been left far behind as equity values have multiplied five or six times over the decade, but they have not done at all badly in their own terms. Whereas in the 1970s it was normal for building society investment returns to lag well behind the rate of inflation this has not been so since 1980. It has been possible to earn on average 10 per cent after standard rate tax on a high-yielding building society account, compared with inflation of 7 per cent a year.

But it has been the decade of equities. It is a pity that private investors have not taken greater advantage of their opportunities. True, the Government's privatisation campaign has helped to increase the number of private individuals who own shares from 3m in 1979 to perhaps 12m today. But most of these own only one or two shares, and the proportion of UK company shares owned privately has fallen from 30 per cent to under 20 per cent during the decade.

Meanwhile, the investment institutions have correspondingly increased their equity exposure. In 1979 the average pension fund had less than 50 per cent of its assets in the equity market, but today the proportion is more like 75 per cent. Even the life insurance companies, which used to concentrate on fixed income bonds, have been attracted to Ordinary shares (and to some extent have had little choice, because since 1988 the Government has been heavily buying back its gilt-edged securities to offset its Budget surplus). Norwich Union said this month that 98 per cent of the investments backing its with profits policies are in equities or property.

Internationalisation is the other great investment theme of the 1980s. Exchange controls were lifted at the end of 1979, in time to allow money to surge abroad as the counterpart of the North Sea oil-related balance of payments surpluses which the UK ran in the early 1980s.

Where should investors have put their money? In local currency terms few major overseas stock markets, not even Tokyo, have significantly outpaced London. But it is another story when you allow for the weakness of sterling, which since the end of 1979 has dropped by 56 per cent against the yen and by 27 per cent against both the dollar and the D-Mark.

It is a pity that private investors have not taken greater advantage of their opportunities

A nominal £1,000 invested in a UK general unit trust at the end of 1979 would now be worth, allowing for reinvested income, £6,574 assuming average performance. But the average Japanese specialist fund would have produced £12,476 (these are Finstat figures).

Elsewhere, the gold, energy and commodity funds which were so popular in the 1970s have proved disastrous, with an average accumulation of £2,670 over 10 years, only about the same as could have been obtained from a safe building society account. As for North America, that has proved rather disappointing despite rallying during 1989, and the typical American specialist unit trust has returned only about £4,400. Continental European funds have done better, and typically have performed overall in line with UK funds, helped by a late turn of speed this year.

Incidentally, the decade's statistics provide support for the claims by investment trusts that they offer better performance than unit trusts. This partly reflects a reduction in the average discount to underlying net assets, which may not occur in future and could even be reversed. However, £1,000 invested in the average investment trust would have grown to £9,200 (against some £6,000 for the average unit trust) and the range among specialist trust categories was from £15,700 for Japanese funds to £5,900 for north American vehicles.

What about the individual shares of the decade in the London stock market? There is no contest for the top spot which goes to Polly Peck, the overseas trading group run by Mr Asil Nadir. Its share price is now almost 400p but it began the decade as, in adjusted terms, even less than a penny stock, so that its value has multiplied 1,288-fold. An £800 stake at the beginning of 1980 would now be worth over £1m.

Elsewhere, the runners-up are led by Albert Fisher, the food distributors (up 80-fold), Williams Holdings, the acquisitive conglomerate (45-fold), Hazlewood Foods, the food manufacturers (43-fold) and Priest, Marians, the property company (40-fold).

These were all obscure minnows a decade ago, so I have compiled an alternative list from among the more substantial companies which were capitalised at £10m or more at the start of 1980.

The winning heavyweight turns out to be Securicor Group, which has produced a 33-fold rise in the price of its non-voting "A" shares. The phenomenal Glaxo is up 27 times, and First National Finance re-emerged from the 1970s lifeboat to multiply its share price 24-fold in the 1980s. M & G Group's share price has handsomely outclassed its own unit trusts with a 22-fold gain,

INVESTMENTS of the 80s 1980-1989

and Hanson played the conglomerate game to perfection to multiply its share price 21 times.

These gains incidentally leave Glaxo with the fifth highest capitalisation on the UK market, and Hanson is the sixth biggest.

If you look at sectors of the market, on the basis of the FT-Actuaries share indices, Glaxo's performance largely explains why the Pharmaceuticals index (now Health & Household) has led the way with an increase of 13.7 times. Elsewhere Publishing & Printing is up 9.8 times, Life Insurance is showing a gain of 9.1 times, Food Retailing is up 7.7-fold, and those investment trusts are showing a rise of 6.7 times (less than quoted earlier, because this index does not reflect income received and reinvested).

It is also instructive to look at where you should *not* have invested for the 1980s. First of all, you should not have gone for the inflation-proof winners of the previous decade. The oil sector index is up only 3.4 times, and property is up just 3.9 times. These compare with a 5.1-fold capital gain by the market as a whole, represented by the All-Share Index. Other, even worse, but perhaps more predictable, laggards have included mechanical engineering (up 3.2 times), Metals and Metal Forming (up 3.3 times) and Motors (up 3.6 times).

But however well the stock market as a whole has performed, it is much less important, as far as the average Englishman is concerned, than the increase in value of his home. The average UK house, according to the Nationwide Anglia Building Society, has risen in value from £23,000 to just over £66,000 during the decade – a nearly three-fold gain.

The rise averages out at 11 per cent a year, well ahead of inflation, and also ahead of the 9 per cent a year growth of incomes – which is why house prices have ended the decade looking vulnerable: the house price to earnings ratio has climbed from 3.6 to 4.7, which historically has proved unsustainable.

Apparently guaranteed property price gains have encouraged the British to invest ever more heavily in the housing market, even though the real cost of mortgages has tended to be greater than in the 1970s (especially because of the limitation of tax relief).

But the pattern has been uneven. The best time for property was the five-year period starting mid-1983. Values rose by 14 per cent a year (cumulatively, they almost doubled) at a time when retail price inflation was under 5 per cent. It was too good to last, as London housebuyers have subsequently found to their cost.

Few economic trends last for as long as 10 years. The London stock market, for instance, peaked in July 1987 (and in inflation-adjusted terms is now 19 per cent short of that high point). For years small company shares outperformed those of large companies, but this year the pattern has been reversed with a vengeance. On the foreign exchanges the yen may have been the decade's star currency, but it has gone nowhere against sterling for three years. UK inflation was kept under control for much of the 1980s, but recently has slipped its leash again.

The fluctuations of UK inflation explain the variations in the fortunes of one of the decade's great innovations, index-linked gilt-edged. But they turned out to be 1970s products launched in the wrong decade. First sold in 1981 on a real return of 2 per cent, they languished until 1987 as the real rate of interest climbed to over 4 per cent. But accelerating inflation has now put index-linked gilts back on the map.

The wrong investment for its time – like gold, which has fallen in real value by nearly half since 1980 – can look very sick. As for the right investment, the stock market has taken all the prizes for the 1980s, but a new decade is about to begin.

LETTERS

In defence of Ferranti

From Mr Alastair Chisholm.

Sir, I find the steadily increasing criticism of Ferranti and of the company's chairman Sir Derek Alun-Jones extremely offensive. Successive governments, Ministry of Defence cost-plus contracts and the growing British distaste for engineering and manufacturing have contributed more to the Ferranti situation than the missing £200m.

In recent years we have seen more and more complacent, intellectually arrogant engineers and managers in much of the UK defence sector. They are often short of commercial drive and customer care, and encumbered by plump trade unions.

Not all of this can be laid at Sir Derek's door. He has made one big mistake in an otherwise intelligent, popular and dedicated career. He has now added to his career the distinction of staying on bravely in the cockpit during a nosedive to try to minimise the damage on the ground. Sir Derek came in to pick up the pieces from the last Ferranti financial saga. He bore all the City pressure to make Ferranti grow beyond its natural ability and to take over ISC with unseemly haste.

When will it be remembered that Ferranti employs some 20,000 skilled people; that the UK's manufacturing and technology base is withering faster than many admit; and that financial and other services lend little of real substance to wealth creation in this country? We cannot go on lamenting skills shortages and demographic pressures and at the same time cynically damaging an existing centre of excellence.

How on earth can Ferranti extricate itself from its difficulties while so many people are seen to take a perverse pleasure in them? Negotiations with possible suitors have been hampered by media and other silly exposure, and by armchair detraction.

Nearly half the 20,000 employees of Ferranti are in Scotland, representing the largest engineering and manufacturing company in this determined country, where increasing doubts regarding the south, political integrity and fair play abound. Jobs lost here are not easily replaced. All parties to the Ferranti affair would be well advised to pull together to try to find a positive solution before a very great number of largely innocent and capable people suffer.

Alastair Chisholm,
The Old Manse,
Kingoldrum,
By Kirriemuir,
Angus

Privatisation issues

From Mr W.J. Long.

Sir, E.C.S. Balfry (Letters, December 19) should get himself a proper stockbroker. The practice of quite a number of firms, including National Investment Group, is to deal for established clients in privatisation issues ahead of the issue of certificates.

This is done solely on the understanding agreed at the time the order is accepted that if for any reason the individual does not receive the allotment of shares he is expecting, the client will be liable for the cost of repurchasing any shares which have been sold.

However, in view of the number of mistakes in completing application forms which lead to the application being turned down, it is not surprising that few brokers will deal for members of the public "off the street" without the availability of an allotment letter. It may be of some compensation to Mr Balfry to know that as things stand he is likely to be better off having held the shares until now rather than having sold them on the opening day.

W.J. Long,
Director,
National Investment Group,
35 Southernhay East,
Exeter

National Savings

From Mr J.A. Patterson.

I would not like your readers or Mr Scharf (Letters, December 16) to think that National Savings wants him to leave his mature savings certificates "lying fallow."

We have advertised the low general extension rate of interest several times in the national press, most recently when the 28th issue certificates all reached maturity in September. We are sorry that Mr Scharf did not see these advertisements.

To send a letter to each of our customers when each of their certificates matures is beyond the scope of our office in Durham.

Customers may have large numbers of certificates even within a single issue. We simply could not cope with individual reminders for each certificate on the general extension rate, even if customers always sent us their latest address. We might be criticised for wasting the taxpayer's money even if we could cope.

J.A. Patterson,
Post Office,
Department for National Savings,
Charles House,
375 Kensington High Street, W1

Coal-fired

From Mr C.T. Morley.

Sir, It appears that Northern Ireland may now tap into electricity to be generated in Scotland (FT, December 13) using gas from the North Sea. This may help offset the Government's decision to abandon nuclear power. Yet electricity from mine-mouth power stations using lignite coal could be exported by undersea cable from Northern Ireland to mainland Britain.

Northern Ireland has more than 1bn tonnes of lignite coal, mostly close to the surface and suitable for low cost mining to fuel several mine-mouth generating stations. Output of 3,000MW of power is feasible from three known deposits at Ballymoney (estimated reserves: 530m tonnes), Crumlin (300m tonnes) and Coagh (200m-300m tonnes).

The last two of these are on the shore of Lough Neagh where there are also other adjacent areas with exploration potential for additional lignite reserves. Preliminary feasibility studies on the first two deposits indicate that generating costs of the order 80p to 120p per gigajoule are possible for moderately sized (600MW) mine-mouth power stations. This compares very favourably with costs of 140p to 170p per gigajoule when imported coal is used.

Private investment in 1988 was ready to develop and pay for open-pit mining and mine-mouth power generation in Northern Ireland at a cost of £500m to £600m; but what happened? Political and other considerations appear to have forced a decision to up-grade the Kilroot Power Station, using Scottish coal rather than Northern Ireland lignite in a new mine-mouth station. Already this is being called into question as revised cost estimates for the conversion of Kilroot rise steadily.

The province needs employment. Each lignite mine-mouth station complex will make 2,000 jobs during construction and 350 or more permanent jobs afterwards. It is time to look realistically at power generation using lignite in Northern Ireland. Exports of surplus energy to mainland Britain would stimulate industry both in Northern Ireland, the Irish Republic and in Britain itself.

C.T. Morley,
Oak Lodge,
Station Road,
Budleigh Salterton

Socialism as an alternative to untrammelled market forces

From Mr Andrew Shouler.

Sir, Michael Prowse (Lombard, December 15) bemoans what he considers to be a prevalent "neo-conservative" view of the changes taking place in eastern Europe. Reminding us that the decline of communism does not mean that its victims are necessarily in favour of extreme right-wing libertarianism, he suggests that if you don't believe in untrammelled market forces then you must prefer a left-wing political regime of some kind.

I have not detected a triumphal exultation by the capitalist world at the peaceful vindication of non-communist society, even though it would be justified in feeling this way. What is true is that some of the media have been reluctant to refer to the socialist states as such. They prefer to call the defenders of such states "conservative" and suggest that the West is now obliged to dismantle its defences at all speed.

Instead of soberly rejoicing in the belated demise (if, indeed, this is irrevocable) of a politico-economic system that is morally repugnant to a degree which the US and the UK could never approach at the other "extreme" of the spectrum, Mr Prowse extols the virtues of democratic socialism and its "fair" distribution of goods and services.

We would not know what had hit us were an extreme, or even a genuinely radical, right-wing government to be installed here. Given the resources still pre-empted by the state in this country – such as a welfare system which remains a testament to bureaucratic social engineering – it is easy to portray the UK as not having shrugged off the shackles of socialism in quite the way the East Germans, the Czechs, the Poles and the rest would be best advised to do.

Socialism is not quite dead in either the East or the West. Jacques Delors currently is doing his utmost to institutionalise its pernicious designs. Peoples both sides of the Iron Curtain need to be persuaded to use their freedoms, newly found and traditional, to deny socialism's rekindling indefinitely.

Andrew Shouler,
The Industrial Bank of Japan,
Bucklersbury House,
Walbrook, EC4

From Mr Paul Derrick.

Sir, Michael Prowse suggests that "socialism" means a more equitable distribution of property and incomes rather than any extension of state ownership and control.

The word "socialism" was first used in English in 1821 by Robert Owen who suggested that enterprises should be run in the interests of the workers and the community in the kind of way he had pioneered at New Lanark rather than for the profit of speculators.

Some enterprises, such as the John Lewis Partnership and the Scott Bader Commonwealth, are organised in a similar way and there has been a large increase in the number of industrial co-operatives in the last 15 years. If developments of this kind are to be encouraged, it would be useful to create a special class of common ownership company with a limit on the return as well as the liability of its shareholders. Mr Bryan Gould has suggested that it is anomalous for company shareholders to be paid an unlimited return when their liability is limited. The conversion of companies to common ownership could be encouraged by tax changes.

Paul Derrick,
Robert Owen Association,
30 Wandsworth Bridge Road, SW6

Takeover achieved just 24 hours after MMC gives clearance to renew bid

Blue Circle wins Myson with £197.5m offer

By Clare Pearson

BLUE CIRCLE Industries, the cement and home products company, yesterday won control of Myson, the boilers and radiators company, by acquiring more than 50 per cent of the shares. It made its move just 24 hours after gaining clearance from the Monopolies and Mergers Commission to renew the £197.5m offer.

Blue Circle said it was renewing its bid for the remainder of Myson's shares on the same terms as those on the table three and a half months ago, when the MMC enquiry caused the bid to lapse.

Yale and Valor, the security and home appliances company and former rival for Myson's hand, helped Blue Circle push its holding from 29.2 per cent to just over 50 per cent by selling a portion of its own stake yesterday.

Blue Circle's terms are 240p in cash per share, or, instead, loan notes or a share or partial share alternative. Exact details of the loan note and share alternatives will be set out in a formal offer document to be sent to shareholders in the New Year.

Yale & Valor said it intended to accept Blue Circle's terms. It sold about a quarter of its 9 per cent stake in the market.

Myson's shares closed 11p higher at 235p.

Blue Circle said the deterioration in the central heating market, connected with UK interest rate rises, during the autumn had not led it to consider altering the terms of the bid.

It said it had taken fully into consideration the likelihood of a downturn in the market over the short and medium term when it had devised the pricing in August. It said it was a fair price in view of the long-term strategic implications.

To have sought to offer a lower price would also have jeopardised the board's approval, and involved time-consuming negotiations with the Takeover Panel.

Yale & Valor's offer, worth about £180m when launched in July, was also cleared to proceed by the MMC on Thursday. But it had been thought likely that it would return to the fray.

Ray Wheeler, left, chairman of Myson, and Sir John Milne, chairman and group managing director of Blue Circle

Blue Circle hopes that through combining with Myson it will be able to compete more effectively in what it sees as an increasingly European-wide market for gas boilers. Imports are a growing force particularly in the more sophisticated end of the UK market.

The MMC said in its report on the merger that conditions were so competitive in the gas boiler market, both in terms of products and distributors, that a company with a big market share would be unlikely to be able to exploit its position. The combined Blue Circle-Myson *would account* for nearly 30 per cent of the domestic market.

Mr Ray Wheeler, chairman of Myson, and Mr John Salkeld, deputy chairman, are to resign along with the two non-executive directors once Blue Circle's offer has become unconditional in all respects.

Yesterday Mr Wheeler said Myson's performance this year had held up well in difficult trading conditions. On September 25, the company announced pre-tax profits for the six months to end-June of £8.7m (£8.61m) on turnover marginally ahead at £80.72m (£79.07m).

Magnet reveals refinancing proposals

By Maggie Urry and Stephen Fidler

MAGNET GROUP, the debt-laden kitchen and do-it-yourself retailer, will announce details of its financial restructuring next Wednesday.

It is also expected to say that Mr Tom Duxbury, chairman, will resign after a special meeting in February.

The restructuring appears to be less drastic than many feared was necessary. It involves:

- no injection of new money;
- deferral of interest payments on £190m of subordinated, or mezzanine debt, for three years;
- the continuation of normal payments on the other loans outstanding, a £266m senior term loan and a £69.8m bridging loan;
- no dividend on the equity for the forseeable future.

Trading figures for the group, for the year to end-March 1989 and the half-year *to end-September 1989*, will be released in mid-January. *A special shareholders* meeting will be held in February.

Shareholders will be told: "The rights attaching to any Magnet shares held by members of the public are unaffected by the restructuring."

The group was formed through a £629m management buy-out of a publicly-quoted company. The deal went through in July, but by then retail trading conditions were worsening and Bankers Trust, which led the financing, was unable to syndicate the *£562.5m of debt involved. The* debt was left with the nine underwriters.

The resolution of the refinancing was probably made easier by the fact that, because the buy-out hit problems before the loans could be syndicated, the mezzanine lenders and the senior lenders are *almost the same small group* of banks. However, GE Capital, the UK arm of General Electric Capital Corporation of the US, holds a significant chunk of mezzanine debt, without being a senior *lender*.

The Magnet buy-out included the largest portion of mezzanine debt seen at that time in the UK. It was seen as an important test of the concept of mezzanine loans, which are meant to provide a cushion between senior lenders and equity holders. In that they offered protection to senior lenders, the concept could thus be said to have worked. However, the growth of a mezzanine market depended on finding a group of willing lenders, which will now be more difficult following the refinancing.

In October, only five months after the buy-out, Magnet said it had requested concessions from its bankers. Stock market trading in the company's convertible and preference shares has been suspended ever since.

Since then Mr Albert King, Magnet's finance director, has left, to be recently replaced by Mr Roy Barber.

The talks with bankers and legal advisers had dragged on longer than originally expected. However, the approach of Christmas appeared to concentrate the minds of those involved and the deal was signed yesterday morning.

Alcatel pays £20.4m for loss-making National Telecom

By Nikki Tait

ALCATEL Business Systems, a subsidiary of the French telecommunications equipment maker, is making a recommended £20.4m offer for National Telecommunications, the troubled telephone systems company.

National Telecom, which yesterday unveiled a first-half pre-tax deficit of £1.57m and net debt of £11.4m at September 30, effectively put itself up for sale in the autumn when it said that bid approaches would be considered. Two months later, it warned that losses in the six months to September 30 would top £1m. There will be no interim dividend.

Alcatel is offering 60p a share in cash, precisely half the price at which National Telecom was sold to investors in an offer for sale in July 1988. The shares moved above the offer price during 1988, following heavy oversubscription for the launch. However, a downward slide started in early 1989. This was compounded when the company issued its first profits warning in May.

Yesterday, the National Telecom price gained 9p at 58p.

The interim figures show sales of £22.4m (£13.2m), of which £18m came in *the* UK and £4.4m overseas. Operating profit, however, tumbled from £1.22m to a *loss* of £1.27m, and interest charges of £297,000 (£134,000) deepened the deficit. Below the line, there is a further charge of £150,000.

National Telecom said the losses came principally in the main business communications division, which develops and distributes PBX telephone equipment, plus a range of other products. It blamed engineering costs, product cost over-runs and difficulties in penetrating certain overseas markets, plus poor financial controls.

The other major division, which concentrates on servicing and suppling telecoms equipment, increased operating profits to £1.9m. The smaller mobile communications and data communications businesses both contributed to the half-year loss, however. The *cellular communications* business was sold in November for £1.21m.

Alcatel maintains that the purchase should strengthen its presence in the UK business communications equipment market. The company's advisers said that their client's interest was principally in National Telecom's core business, rather than its peripheral activities, but declined to be drawn on how the group might structured post-acquisition. Alcatel Business Systems made a pre-tax profit of £1.9m on sales of £74m in 1988.

Shareholders speaking for 26.5 per cent of National Telecom are irrevocably undertaken to accept the offer.

AC Holdings plans new look via £19m expansion in hotels

By Andrew Bolger

AC HOLDINGS, the former car company which expanded into financial services, said yesterday it planned to concentrate on hotel management and would buy seven hotels from Trusthouse Forte for £19.2m in cash.

AC also said it intended to dispose of its financial services division, which includes stockbrokers Douglas Le Mare, probably through a management buy-out, and would change the company's name to Principal Hotel Group.

A total of £10.2m of the acquisition price will be raised by the placing and open offer of 17m new ordinary shares at 60p per share. Shares in AC fell 2p to 61p

Of these new shares, 13.2m have been conditionally placed by stockbrokers Laing & Cruickshank with institutional and other investors and 3.8m will be taken up by a director and his family trust. The balance of the acquisition price will be funded through bank borrowings.

The new shares have been conditionally placed subject to clawback by shareholders on the basis of 0.5147 of the new shares at 60p for every ordinary share and/or 83.33p of convertible loan stock held in AC on December 11.

AC said the THF hotels would give the group an extra 424 bedrooms, at an average cost of £45,000 per room, and a much wider presence in mainland Britain.

The hotels are the Post House, Aviemore; Ye Olde Bell, Barnby Moor; Wish Tower Hotel, Eastbourne; George Hotel, Huddersfield; Keswick Hotel, Keswick; Golden Fleece, Thirsk; and the Golf Hotel, Woodhall Spa.

AC already runs five hotels in the UK and four on the Continent. It said the THF acquisition offered the group the opportunity to benefit from the economies associated with a hotel group which, with some 1,500 bedrooms, would be one of the top 20 hotel groups in the UK based on the number of bedrooms in operation.

The board said that since the vast bulk of AC's assets were now within the hotel industry, it was not in the group's long-term interest to retain its current financial division, which comprises Douglas Le Mare and Stronghold Asset Managers, a fund management group.

Balmoral queries £15m Norfolk court case

By Jane Fuller

THE SCOTTISH company attempting to seize management control of Norfolk Capital Group, the hotel company, has raised questions about a court case in which Norfolk is being sued for more than £15m.

Mr Peter Tyrie, managing director of Balmoral International, which has bought a 12 per cent stake in Norfolk, said he was sending a letter yesterday to Mr Tony Richmond-Watson, Norfolk's chairman, asking questions about a case at the Edinburgh Court of Sessions.

He asks, for example, why Norfolk's board chose not to disclose the action, lodged by Edinburgh Property & Investment Company (Epic), in the annual reports for 1987 and 1988.

Norfolk, which received a faxed copy of the letter yesterday afternoon, countered that the issue had been considered by the board, which had acted on the advice of both lawyers and auditors.

It had decided not to mention the case because the possibility of losing it was regarded as remote – so remote that it would be misleading to tell shareholders about it. Even in the worst outcome, it believed any payment to Epic would be nowhere near £15m.

The case concerns the North *British Hotel in Edinburgh*, which Norfolk bought for £5m in 1986 from Guinness. Guinness had acquired it via its takeover of Arthur Bell, part of which was Gleneagles Hotels, which Mr Tyrie used to run.

The original plan was for the former railway hotel to be redeveloped with Epic, but this was dependent on agreement being reached with adjacent landowners.

In late 1987, Norfolk announced it was withdrawing from the contract with Epic and that it would instead pursue a different plan to refurbish the hotel, at a cost of £15m. It said at the time it had only withdrawn when it became clear that these aims were not going to be met by any of Epic's proposals.

In December that year, Epic launched its suit in the Court of Sessions, seeking £15.4m, plus 15 per cent annual interest. The case was last adjourned on December 1 this year for Norfolk to respond to the latest documents produced by the Epic side.

Mr Tyrie and his two Balmoral colleagues are seeking to oust Mr Peter Eyles as Nor*folk's managing director*.

Mr Tyrie the case had come up as part of Balmoral's investigation of Norfolk and it was asking questions as the largest shareholder.

Balmoral has requisitioned an extraordinary general meeting for January 29 to discuss its proposals to manage Nor*folk for a £500,000-a-year fee*, plus up to £7m more by 1994 dependent on increases in earnings per share and dividends.

SeaCon to announce agm date and Harwich sale soon

By Andrew Hill

SEA CONTAINERS is likely to set a date for its long-awaited annual general meeting, and announce a buyer for at least one of its seven UK port installations – probably Harwich – next Wednesday.

The ferry and container group is fighting a hostile $1.12bn bid from Tiphook, a UK container rental company, and Stena, a private Swedish ferry operator.

Sea Containers is planning a $70-a-share defensive tender offer for its own shares, matching the hostile offer, which was increased two weeks ago.

The ports of Harwich and Heysham are among $1.1bn of assets earmarked for sale to fund the defensive offer. Sea Containers, which owns Sealink British Ferries, would retain an exclusive user lease on the main passenger ship berth and terminal at Harwich to support the ferry service to *the Netherlands*.

Tiphook and Stena announced late on Thursday that they had requisitioned a special meeting of Sea Containers' shareholders, as threatened, at which they hope to elect a slate of directors favourable to their bid.

Mr James Sherwood, Sea Containers' president, now has 21 days in which to respond and a further 50 days in which to hold a meeting of shareholders to vote on the asset disposals and proposed board changes.

That means the bid is almost certain to be over by the beginning of March 1990 – more than nine months after it began. From Tiphook's point of view the offer has to be decided by April 2, when the second instalment of its rights issue to fund the bid is due from shareholders.

Predators and prey have spent much of the last seven months bogged down in the courts of Bermuda, where Sea Containers is registered. But on Thursday the Court of Appeal there rejected Tiphook and Stena's efforts to prevent Sea Containers dealing in its *own shares*.

The predators cannot appeal the decision, and are unlikely to pursue the more important attempt to outlaw Sea Containers' "poison pill" shareholder rights plan, which was defeated last month.

Far East focus and cash option at Gartmore trust

By Nikki Tait

GARTMORE Information and Financial Trust, which announced on Thursday it was in discussions that could lead to an offer for the company, is to turn itself into a fund specialising in Far Eastern stockmarkets.

The transformation takes the form of an offer for the £44m trust from a newly formed company, Gartmore Emerging Pacific Investment Trust. This allows shareholders to accept shares in the new trust or to take a cash alternative.

The terms of the paper offer are GEP shares equivalent to 100 per cent of formula asset value at GIFT, plus one GEP warrant for every 10 GEP shares. By way of illustration, GIFT estimates that fav at December 19 would have been 53.2p a share. With the value of GEP shares taken to be about 63.2p, a holder of 1,000 GIFT shares would receive 842 GEP shares and 84 GEP warrants.

The cash alternative, underwritten by stockbroker Olliff & Partners, comprises 95 per cent of the value of GEP shares - approximately 60p - plus 100 per cent of the value of GEP warrants (taken to be worth 18p a piece) which shareholders would have been entitled to under the offer. On the previous assumptions, therefore, the holder of 1,000 GIFT shares would be entitled to just over £520 in cash. There are separate offers for GIFT warrants and preference stock.

GEP will be managed by Gartmore, the fund management business recently put up for sale by British & Commonwealth Holdings.

The new trust will invest primarly in "emerging" Far East markets, with Malaysia and Hong Kong expected to take 27 and 25 per cent respectively in the initial portfolio.

The investment policy change - and the option to cash in - comes after several years of poor performance at GIFT. The share register includes some institutional shareholders known for their hawkish attitude towards the investment trust sector.

Holders of 31.4 per cent of GIFT's voting rights have undertaken to accept the offer.

Kelsey Inds advances to record £3.4m

Kelsey Industries, solder maker and roofing contractor, lifted pre-tax profits from £2.66m to a record £3.4m in the year to September 30 1989.

Shareholders benefit with a boost in the dividend total from 11.25p to 22.5p, with a final of 18.375p.

Turnover jumped from £35.39m to £44.1m. After tax and minorities earnings per share rose from 44.7p to 58.6p.

The directors observed that "subject to there being no world recession or a downturn in UK roofing contracting orders" they anticipated a further good increase in current year profits.

West Trust in profit with £0.5m

West Trust, the specialist textile group, turned in pretax profits of £445,000 for the six months to September 30, compared with a loss of £29,000 for the corresponding period last year.

The recovery began in the *second half of last year* when West wiped out the midway deficit to return a profit of £519,000 for the full year.

The board said that all divisions within the group were operating profitably and the recently-acquired Ken Moore was performing particularly well. Present indications were that the results for the year ended next March would show continued progress provided there was no further deterioration in trading conditions.

Turnover rose from £1.01m to £7.45m; net interest payable was sharply increased to £372,000 (£41,000) and after tax of £30,000 (£3,000 credit) earnings were 0.77p per share (0.09p adjusted). An interim dividend of 0.25p (nil) is declared.

HTV recovers Quintex provision

By John Ridding

HTV, the ITV franchise holder for Wales and the west of England, announced yesterday that it had recovered most of the £3.5m provision it had taken against its exposure to Qintex, the indebted Australian distribution company headed by Mr Christopher Skase.

Speaking at the company's delayed annual meeting, Mr Patrick Dromgoole, chief executive, said that its deals with Qintex had been restructured and that new contracts were signed on Wednesday with independent French and US companies to recoup the losses.

In addition, HTV will now receive all the money from the sale of programmes in the US which Qintex had been haning.

According to Mr Dromgoole, the amount now outstanding was just £500,000, which he described as "nothing more than a financial hiccup".

Octagon to undertake review of Alphameric

By Clay Harris

OCTAGON Industries, the information technology consultancy run by former ICL executives Dr Geoff Bristow and Dr Robb Wilmot, is to take a 3.9 per cent stake in Alphameric in part payment for undertaking a strategic review of the troubled keyboard and terminal manufacturer.

Mr Dougal Craig-Wood, Alphameric chairman, said the review was due to be completed by end-January, but his board and Octagon were agreed on the broad outlines.

Octagon has masterminded recoveries at Wordplex, a word processing company subsequently bought by Norsk Data, and Headland Group, a computer services concern.

Alphameric lost £2.54m before tax in the six months to September 30, almost twice its £1.29m deficit in the previous financial year.

In addition to being issued 880,000 Alphameric shares, with a market value yesterday of £246,400, Octagon will be paid £30,000 in cash.

COMPANY NEWS IN BRIEF

FOLKES GROUP is selling the business and certain assets and liabilities of its bar bright business to United Engineering Steels for £4m cash.

IMI has bought minority 25 per cent of Marston Palmer from BTR for £3.5m cash. Marston, based in Wolverhampton, makes heat exchangers and specialised products for the aerospace industry.

JACOB (W&R): Recent rights issue taken up as to 1.76m new ordinary (89.6 per cent). Balance, of 204,232 shares, has been sold in the market.

KEWILL SYSTEMS has acquired the issued and outstanding common stock of Micro-MRP, a San Francisco manufacturer of management software systems, for a maximum $5.5m (£3.44m) in cash and shares.

LEARMONTH & Burchett Management Systems is buying Keith London Associates, Keith London Systems and Meta Systems for a total £2.49m, satisfied by £1.72m cash, of which £532,000 is deferred for 12 months and the balance in shares.

MANDERS (HOLDINGS) has acquired Russell Tiles and Bathrooms for £500,000 cash and the assets of Tile Decorations (Sales) for £300,000 cash.

MANGANESE BRONZE Holdings has announced the acquisition of an interest in UltraFine Powder Technology, of Massachusetts, together with the conclusion of a 50-50 joint venture with UFPT under which UltraFine metal powders will be marketed throughout Europe and the Eastern bloc. Cost of the acquisition was $2m.

ML HOLDINGS has sold its holding in ML Engineering (Plymouth), its railway signalling offshoot, to EB Signal.

MOSS BROS has reorganised its franchise agreement with Hackett, the independent clothiers, entered into shortly before the takeover by Moss of Cecil Gee. Hackett has been granted concessions to trade in the London stores at King Street, Covent Garden and Holborn. The remaining "franchise" stores at Cambridge, Cheltenham and Camberley will now trade as Moss Bros.

MOWLEM: Royal Trust International is to acquire a 50 per cent interest in Mowlem Property Developments by subscribing £12m in cash for 50,000 new ordinary. Mowlem and Royal Trust will be allotted 5.98m new shares each by way of a capitalisation of MPDL's share premium account and will each hold 50 per cent of the equity. MPDL will repay its £29.6m inter-company debt to Mowlem.

MTM has placed 1.78m shares to raise some £3.5m net of expenses to accelerate capital expenditure. At the same time, it has reached agreement to acquire Mostyn Chemicals for £1m, satisfied via the issue 190,476 ordinary shares. MTM has also reached agreement to purchase Loba Feinchemie, based in Vienna, for Sch 38m (£1.95m) funded through the allotment of 974,500 new shares. To satisfy the deferred payment of £3.45m in January 1988 for the purchase of 86 per cent of Italian fine chemicals manufacturer ASAP, MTM has now placed 1.73m new shares.

Colonnade reorganisation meets City opposition

By Andrew Bolger

PLANS BY British & Commonwealth Holdings, the financial services group, to sell off its development capital arm to Colonnade Development Capital have attracted opposition from City institutions, including Legal & General.

Stratagem, the investment company, yesterday made a conditional offer for Colonnade with a view to liquidating the company rather than reorganising it on the lines proposed.

Colonnade's directors said last week that the share price had fallen to a 38 per cent discount on net asset value and that B&C, the ultimate parent company of B&C Development Capital, Colonnade's investment manager, might shortly *no longer be in a position to* provide continuity of investment management services.

Accordingly, Colonnade was offering the management team at B&CDC the opportunity of joining the company on a full-time basis: those executives would buy the 8.7 per cent stake in Colonnade held by B&C Ventures Investment and be granted performance-related options to subscribe for shares in Colonnade.

Colonnade would enter into contract to manage a £9.5m portfolio of investments owned by B&CVI, which is currently managed by B&C Ventures. It would also acquire for £2.34m B&CVI's holdings in Sherwood Computer Services and Verson International, the West Midlands maker of metal-forming machinery.

Colonnade will put the proposed reorganisation, which it says is in the best long-term interest of shareholders, to an extraordinary general meeting on Friday, December 29.

However, Mr Bernard Kerrison, chairman of Stratagem, said he believed that more than 50 per cent of Colonnade's overwhelmingly institutional shareholders would oppose the reorganisation and the meeting might well be adjourned.

Stratagem's conditional offer is that for each ordinary share in Colonnade, shareholders should receive 42p in cash and £1 nominal of convertible loan notes. The loan notes would bear interest and would enable shareholders to participate in any net surplus on the liquidation of Colonnade's assets. Colonnade's shares closed 2p higher at 145p.

Mr Kerrison said that *instead of addressing the problem* of discount to net asset value, Colonnade's proposals merely seemed to be of benefit to the proposed management and B&C but not in the interests of the general body of shareholders. The best course of action would be for the company to be liquidated and the proceeds distributed direct to shareholders.

Colonnade said it had noted Stratagem's statement and was considering its options. It would make an announcement before Friday's meeting.

Stratagem said its offer was conditional on the board of Colonnade withdrawing its reorganisation proposals or the reorganisation proposal at Friday's meeting being rejected by shareholders; the board of Colonnade failing to call a meeting to liquidate the company; and there being no other offer representing a value of more than 142p per Colonnade share.

Tonks to sell W German stake

By Richard Tomkins, Midlands Correspondent

NEWMAN TONKS, the Birmingham-based architectural ironmongery group which has been expanding in continental Europe, is to sell off 69 per cent of Wehag Leichmetall, its first West German acquisition.

Wehag is a long-established maker of door and window fittings and it employs 150 people. Tonks bought it from the receiver in 1987 in the hope of turning it round, but it has continued to incur losses.

Tonks paid the equivalent of £1.84m in cash for Wehag. It is now selling the company's business and assets to a joint venture company called Lemeta for DM2.5m (£900,000).

Tonks will have a 31 per cent stake in the joint venture company, with the rest being held by Gretsch-Unitas, a West German manufacturer of mechanical window operating systems and architectural ironmongery.

The deal will result in an unquantified write-off in Tonks' next report and accounts which will be taken below the line as an extraordinary item.

Mr Cecil Bucket, Tonks' finance director, said the Wehag acquisition had fulfilled its purpose in securing a foothold for Tonks in the West German market, but the company needed substantial capital investment which Gretsch would now provide.

Since acquiring Wehag, Tonks has made a much larger acquisition in West Germany through the purchase in September of Normbau, another architectural hardware group, for DM35m in shares.

DIVIDENDS ANNOUNCED

Border TV §	int	0.88	-	0.8	-	2
Hobson §	int	nil	-	0.25	-	0.75
Kelsey Inds	fin	18.375	Mar 7	7.5	22.5	11.25

Dividends shown pence per share net except where otherwise stated. §USM stock.

UK COMPANY NEWS

SmithKline Beecham sells household products arm

By Andrew Bolger

SMITHKLINE BEECHAM, the Anglo-American pharmaceuticals and consumer products company, yesterday continued its post-merger programme of disposals by announcing plans to sell its household products business in the US and Canada.

The Benckiser group of West Germany has agreed to pay \$106m (£68m) in cash for the business. Its principal products are Calgon, a bath additive; Cling Free, a drier-added fabric softener; Calgon water softener; Calgonite dishwasher detergent; and Delicare, a detergent for delicate fabrics.

The sale includes the plant in Rockwood, Michigan, employing 130 people, where the majority of the products are made. Most of the products were acquired in 1977 from Merck, the US drug manufacturer, which still retains the Calgon trade name for industrial products.

Bob Baumann, chairman of SmithKlein Beecham

Benckiser markets household products under the Calgon name throughout Europe. It will now have the right to sell Calgon products in North America and numerous other countries.

The decision to sell this business follows the merger of Beecham Group and SmithKline Beckman Corporation at the end of July and is part of the enlarged group's strategy of focusing on its international healthcare business.

SmithKline is still seeking a buyer for its cosmetics division, which it intends to split into two units, covering the UK and continental Europe. These have annual sales of about £240m and £160m.

Hobson in losses and plans sales for £1.95m

By Clay Harris

HOBSON will not pay an interim dividend after reporting a £177,000 loss for the six months to September 30. It also announced the planned sale of its Midlands-based aluminium products businesses and a Caribbean trading company.

The disposals will raise more than £1.9m for Hobson, which has had a mercurial record since joining the USM in 1984 as the patent-holder on a die-making process. It now makes toiletries and exports them to west and central Africa.

Mr Richard Thompson, chairman, said Hobson was discussing the possible acquisition of a supplier of building maintenance services to local authorities.

Hobson will receive £1.4m for the Midlands businesses and £550,000 for Tower Hill, the Caribbean export merchant. The previous disposal of a health and leisure club contributed to a £182,000 extraordinary credit in the latest period.

The fall into the red from pre-tax profits of £703,000 in the comparable period came on reduced turnover of £8.05m (£9.19m). The loss per share was 0.46p (1.33p earnings). Last year, it paid an interim dividend of 0.25p.

Border TV falls to £184,000

Lower pre-tax profits of £184,000 were announced by Border Television, the USM-quoted television programme contractor, for the six months ended October 31. The previous figure was £485,000.

The interim dividend is being lifted to 0.88p (0.8p), however, while earnings fell from 2.97p to 1.1p.

Turnover for the period rose slightly to £6.53m (£6.46m). The taxable result was after an exceptional £164,000 (£65,000) debit, being the costs of voluntary retirement and leaving scheme. Tax took £69,000 (£184,000) and there was an extraordinary credit of £498,000 (nil).

COMPANY NEWS IN BRIEF

ABERDEEN PETROLEUM is to purchase a 21 per cent interest in the Newburg field in North Dakota from Chevron USA for \$4m (£2.5m) cash.

ACSIS GROUP has acquired, through its Media Sales division, Advertee and Trafalgar Publicity Services, two specialist advertising sales businesses, for £135,000 and £60,000 cash respectively.

ALLIED INSURANCE: rights offer of 3.32m shares issued in connection with the acquisition of Neil Lewis and Associates, taken up in respect of 92.8 per cent of the issue.

APOLLO WATCH Products has agreed to acquire Horba Holding Maatsbhappij PCM KOK BV of Amsterdam for Fl 5.7m (£1.81m). Horba is both a manufacturer and distributor of leather watch straps and bracelets.

ASSOCIATED BRITISH Ports has paid £2m in cash and shares for Whitby Port Services and Whitby Stevedoring. ABP now becomes sole supplier of cargo handling at the Port of Whitby, Yorkshire. Vendor was Helka Holdings of Hull.

BOOTS has sold its Fine Art Wallcoverings operations to management. Turnover of the Cheshire-based business amounted to £17.2m in the year to end-January 1989.

BRAKE BROTHERS has acquired Spring Valley Foods, a distributor of frozen foods to caterers in London and the Home Counties. Spring Valley had a turnover of £4.1m in the year to July 31 1989. At the year-end net assets totalled £277,000.

BRENT CHEMICALS International has disposed of part of its UK pretreatment phosphate business to Chemetall, a subsidiary of Metallgesellscahft. The minimum amount to be received by Brent will be £5.37m over three years.

CASPEN OIL is buying a 50 per cent interest in the Somerset oilfield near San Antonio, Texas, for \$1.75m, to be satisfied by the issue of 6m shares plus \$500,000 in cash or the assumption of \$500,000 debt.

CDFC TRUST: shareholders have approved a change in investment policy and a change in name to New Frontiers Development Trust. New Frontiers will concentrate on investing in the more rapidly developing areas of the world through investments in emerging stock markets and in developing economies.

CLARKSON (HORACE) is to acquire Accident and General Insurance Brokers (Ireland) for I£500,000 (£474,000) cash. An additional I£1m is dependent on profits.

CONTINENTAL ASSETS Trust: Open offer taken up in respect of 5.87m units (61.1 per cent) comprising 5.87m ordinary shares and 1.17m new warrants. Balance taken up by institutions.

COOPER (FREDERICK) has purchased KSM Electronics, a manufacturer of specialist power supplies, for £200,000 in cash.

CORTON BEACH is paying £1.5m for Philip Shefras Spares, a distributor of spares to 25 per cent of the UK's amusement machine industry. For the year to end-March 1990 Shefras had forecast sales of £5.2m and pre-tax profits of £103,000. Net assets stood at over £400,000.

CRESTA HOLDINGS has disposed to Wickland Westcott and Partners to its management for an initial cash consideration of £3.2m. Further consideration of up to £1.3m may become payable. Company has also entered into heads of agreement with Goldco whereby once a site has been identified and agreed upon, Goldco and Crestacre Properties will enter into a design-and-build contract.

CRH has acquired Kleiwarenfabriek Buggenum BV, a manufacturer of exclusive clay bricks with factories in the Netherlands and Belgium.

INTERNATIONAL COMPANIES AND FINANCE

New chapter for Reader's Digest

The intensely private company is to go public, writes Roderick Oram

The basement of a New York City speakeasy was an unseemly place for a new magazine promoting traditional American family values so, back in the 1920s, DeWitt and Lila Wallace moved their fledgling Reader's Digest to more bucolic surroundings.

Choosing a 156-acre estate in rural Pleasantville, 40 miles up the Hudson River, they gave their staff garden plots and time off for spring planting. The magazine thrived, becoming the biggest in the world with about 100m readers for each monthly issue.

But today suburbia, the harsh realities of the global magazine business and new tax laws are hemming in P'Ville and Digesters, as town and staff are known in-house. For all its uniqueness, the Reader's Digest Association is suffering from the classic symptoms of a company reliant on one pre-eminent brand.

The Reader's Digest magazine, as robust as ever, is root-bound with little scope for growth. The company can only expand through diversified products such as books and records and through new magazines.

The former are successful but its short experience with the latter has proved disappointing so far; new magazines are running up hefty losses and will require more heavy investment.

For such an intensely private company, these are unpleasant things to discuss in public. 'Wally once said of the way he and his wife worked: "We do as we damn well please, and that's close to ideal." The corporate ethos still lives on, long after their deaths in 1981 and 1984 at the ages of 91 and 94 respectively.

But discuss them it must because after 67 years the Reader's Digest Association is going public. Its owners, charitable foundations set up by the Wallaces, want a liquid market for its stock while the company itself wants greater financial flexibility to promote long-term growth.

Some of the foundations are selling a total of 21 per cent of the non-voting stock at \$18 to \$22 a share to raise between \$450m and \$550m. This is merely a warm-up exercise. By 2000 no US charity will be allowed to own more than 50 per cent of a commercial business.

The company has said employees will own 20 per cent of the voting stock by then, but it has yet to decide on who will own the rest.

Details made public for the first time in this week's share prospectus describe a company performing broadly in line with other publishers. None the less, its unique franchise guarantees strong investor interest.

In 1922 Mr Wallace, a frustrated publicity writer for Westinghouse Electric, started Reader's Digest with \$5,000 he had borrowed. His idea was to offer uplifting articles condensed from other publications.

Today most pieces are commissioned by the magazine but, the prospectus says, its purpose is still "to inform, to educate, inspire and entertain."

Its first foreign foray came in 1938 with the launch of the UK edition. Now 39 editions in 15 languages generate 28m copies per issue. Stacked in doctor's waiting rooms, laundromats, lavatories and other places where people have time on their hands, they reach 100m readers a month.

Circulation, at least in the US, has peaked. After reaching 17.75m per issue in 1985, the company says it cut back to the current level of 16.25m because the cost of maintaining the marginal 1.5m subscribers was too high. But the remaining buyers are highly loyal, with a subscription renewal rate of 67 per cent.

The magazine has a lively relationship with readers, receiving some 1,000 proposed contributions a day. Even the most inconsequential anecdote accepted for publication is scrutinised by the legendary fact-checking department. Editorial staff winnow 500 publications a month for articles suitable for reprinting in Reader's Digest.

The magazine's financial performance is equally respectable. Although US advertising volume is stagnant at about 1,200 pages a year and international volume slipped from 16,437 pages in 1986 to 15,425 in 1988, rate increases pushed up gross advertising revenues to \$218.2m from \$179.8m.

The magazine's purpose is still 'to inform and educate'

Overall, the Reader's Digest magazine division turned in operating profit of \$61.6m on revenues of \$589.4m in the fiscal year ended June 30 1989, against \$44.7m on \$508.3m in fiscal 1987.

The company's largest division covers books, records, videos and other home entertainment products.

Beginning in 1950 with collections of condensed books, the division has grown steadily. It turned in operating profits of \$192.3m on revenues of \$1.09bn in fiscal 1989 compared with \$148.3m on \$818.1m in 1987.

Staff read 3,500 novels a year before choosing about 30 to condense and collect in some six volumes. Worldwide it sells about 21m copies a year in 10 languages covering 17 countries. Books range from the quintessential Reader's Digest – "While My Pretty One Sleeps" – to the latest Dick Francis thriller.

In addition it sells a further 21m non-fiction books a year, ranging from do-it-yourself guides to Nancy Reagan's ghosted autobiography. Music is another big business, accounting for 5m multi-record sets a year.

Such has been the Reader's Digest's gradual accommodation of changing tastes that, for example, "Elvis: The Legend Lives On" might well have the Wallaces rolling over in their graves.

The third and newest division is special interest magazines, covering three titles the company has acquired since 1986. But Travel Holiday, The Family Handyman and New Choices for the Best Years have all suffered declining advertising volume in the past three years. Their circulation is down, flat and up respectively.

The company has yet to show it can profitably transplant its magazine ethos to other titles; the special interest division turned in an operating loss of \$17.2m on revenues of \$47.3m in fiscal 1989 against a loss of \$1m on \$7.3m a year earlier.

The company says it will continue "to make significant capital and operating expenditures" in the division as part of its long-term growth strategy. It is working, for example, on start-up magazines in the UK, France and West Germany.

The final division is "other operations," encompassing Reader's Digest direct mail activities, which pushes magazines and services such as insurance.

The company says its data base is one of its most formidable assets. In the US alone it has data on more than 50m households, about 55 per cent of the nation's. In the past two years half of these households bought some Reader's Digest product or service.

The division generated operating profits of \$16.5m on revenues of \$109.2m in fiscal 1989 against \$8m on \$86.4m in 1987.

In total the company reported net profits of \$151.5m or \$1.28 per common share on revenues of \$1.83bn in 1989. The net profit margin of 8.2 per cent only matched the average for the US publishing industry but the company had shown steady growth from \$21m on \$1.3bn in fiscal 1984.

The big jump came after Mr George Grune took over as chief executive in 1984. A Reader's Digest veteran, he and new senior management have stirred up the complacent company.

However, they have merely tackled the easy part in squeezing costs and reducing staff. Now comes the hard bit – cultivating worldwide the Reader's Digest brand of goods and services under the hard-nosed scrutiny of public shareholders.

MARKET STATISTICS

ECONOMIC DIARY

TOMORROW: Local elections in Kazakhstan and Tajikistan. Paris-Dakar motor rally starts (until January 16).

MONDAY: Christmas Day. Holiday UK and Republic of Ireland. Archbishop Desmond Tutu preaches Christmas sermon in Jerusalem. Underground leaders of Palestinian uprising call church protest marches against occupation and desecration of holy places, Jerusalem.

TUESDAY: Boxing Day. Holiday UK and Republic of Ireland. Yugoslav Communist Party central committee start two-day discussions on preparations for emergency congress, Belgrade. Sydney-Hobart yacht race starts.

WEDNESDAY: Western Australia v Pakistan three-day cricket match.

THURSDAY: Department of Transport publishes figures for new vehicle registrations in November. Polish Parliament meets to vote on package of economic reforms and anti-inflationary austerity measures.

FRIDAY: Department of Energy publishes details of energy trends in October. Central Statistical Office issues November figures for balance of payments, current account, and overseas trade figures. World Cup two-man bobsleigh two-day event, Koenigssee, West Germany.

BANK RETURN

BANKING DEPARTMENT	Wednesday December 20, 1989		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	69,298,205	+	17,580,925
Bankers Deposits	1,749,830,522	+	48,299,307
Reserve and other Accounts	3,564,633,868	-	538,340,847
	5,398,315,595	-	472,510,615
ASSETS			
Government Securities	1,353,981,529	-	206,850,000
Advance and other Accounts	726,033,715	+	198,527,675
Premises Equipment & other Secs	3,307,269,328	-	470,105,393
Notes	10,832,009	+	5,918,203
Coin	199,014	-	1,100
	5,398,315,595	-	472,510,615
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,849,167,991	+	784,081,797
Notes in Banking Department	10,832,009	+	5,918,203
	16,860,000,000	+	790,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	13,934,500,803	-	240,591,839
Other Securities	2,914,484,097	+	1,030,591,839
	16,860,000,000	+	790,000,000

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 90 Vol	Feb. 90 Last	May 90 Vol	May 90 Last	Aug. 90 Vol	Aug. 90 Last	Stock
Gold C	\$370	40	49.50	–	–	–	–	\$413
Gold C	\$400	13	21.70	–	–	30	42.50	\$413
Gold C	\$440	20	4.50	–	–	–	–	\$413
Gold C	\$450	–	–	–	–	40	18	\$413

Series		Jan. 90 Vol	Jan. 90 Last	Feb. 90 Vol	Feb. 90 Last	Mch. 90 Vol	Mch. 90 Last	Stock
EOE Index C	Fl. 290	100	8.80 a	50	12	–	–	Fl. 294.89
EOE Index C	Fl. 295	202	5.60	93	9	–	–	Fl. 294.89
EOE Index C	Fl. 300	326	3.60	116	7	–	–	Fl. 294.89
EOE Index C	Fl. 305	15	2	153	4.40	–	–	Fl. 294.89
EOE Index C	Fl. 310	52	0.80	10	2.90	–	–	Fl. 294.89
EOE Index P	Fl. 270	100	0.50	–	–	–	–	Fl. 294.89
EOE Index P	Fl. 280	19	1 a	–	–	–	–	Fl. 294.89
EOE Index P	Fl. 285	104	1.50	78	3	–	–	Fl. 294.89
EOE Index P	Fl. 290	61	2.40	115	4.40	40	5.40	Fl. 294.89
EOE Index P	Fl. 295	155	3.90	19	6.20	–	–	Fl. 294.89
EOE Index P	Fl. 300	66	7	2	8.50	5	10.50 a	Fl. 294.89
EOE Index P	Fl. 305	41	10	8	11	–	–	Fl. 294.89
EOE Index P	Fl. 310	20	14.20	–	–	–	–	Fl. 294.89
EOE Index P	Fl. 320	30	23	–	–	–	–	Fl. 294.89
S/FI C	Fl. 190	–	–	–	–	94	6.50	Fl. 193.28
S/FI C	Fl. 195	13	1.80 a	11	3	236	4	Fl. 193.28
S/FI C	Fl. 200	14	0.70	7	1.30 a	52	2.30 b	Fl. 193.28
S/FI C	Fl. 205	–	–	–	–	20	1	Fl. 193.28
S/FI C	Fl. 210	–	–	–	–	20	0.70	Fl. 193.28

Series		Jan. 90 Vol	Jan. 90 Last	Apr. 90 Vol	Apr. 90 Last	Jul. 90 Vol	Jul. 90 Last	Stock
ABN C	Fl. 42.50	125	0.40	73	1.40	45	1.80	Fl. 40.60
ABN P	Fl. 40	–	–	–	–	27	1.50	Fl. 40.60
Aegon C	Fl. 105	58	8.30	–	–	–	–	Fl. 112.70
Ahold C	Fl. 140	10	1.80	60	5.30	–	–	Fl. 134.50
Akzo C	Fl. 130	131	6.50	6	11.50	–	–	Fl. 135.30
Akzo P	Fl. 140	77	5.70 a	8	6.50	–	–	Fl. 135.30
Amev C	Fl. 60	174	3.80	15	6	2	7	Fl. 62.70
Amev P	Fl. 55	23	0.10	–	–	–	–	Fl. 62.70
Amro C	Fl. 80	130	1.90	25	4.40	5	6	Fl. 80
Amro P	Fl. 85	116	5.50 a	–	–	116	8.40	Fl. 80
DAF N.V. P	Fl. 42.50	71	1.40	–	–	–	–	Fl. 42
N.V. DSM C	Fl. 125	–	–	54	2.10	11	3.80 a	Fl. 111.80
N.V. DSM P	Fl. 105	–	–	92	2	–	–	Fl. 111.80
Elsevier C	Fl. 80	7	0.50	30	3	–	–	Fl. 77.70
Gist-Broc. C	Fl. 35	34	0.40	121	1.20	33	1.70	Fl. 31.60
Gist-Broc. P	Fl. 30	–	–	55	1.20	30	2.10	Fl. 31.60
Hoogovens C	Fl. 85	297	3.10	2	7.10 b	–	–	Fl. 84.40
Hoogovens P	Fl. 80	127	1	5	3.20 b	13	6 b	Fl. 84.40
KLM C	Fl. 45	24	2.50	97	4.70	–	–	Fl. 46.70
KLM P	Fl. 50	5	3.80	94	4.30	7	5.80	Fl. 46.70
KNP C	Fl. 55	4	0.50	31	2	–	–	Fl. 51.60
NEDLLOYD C	Fl. 92	57	0.70	1	4.10 b	–	–	Fl. 85.50
NEDLLOYD P	Fl. 88	30	4.20	–	–	–	–	Fl. 85.50
NMB C	Fl. 48	5	1.60 b	56	3.30	–	–	Fl. 48.90
NMB P	Fl. 48	360	0.70 a	10	1.90	–	–	Fl. 48.90
Nat.Ned. C	Fl. 75	518	1.20	794	3.70	85	4.70 b	Fl. 73.40
Nat.Ned. P	Fl. 70	30	0.50	34	1.60	115	2.60	Fl. 73.40
Philips C	Fl. 50	852	0.50	434	2.10	153	3.10	Fl. 46.70
Philips P	Fl. 40	146	0.10	35	0.60	6	1.40	Fl. 46.70
Royal Dutch C	Fl. 150	134	1.40	41	4.90	24	6.30	Fl. 145
Royal Dutch P	Fl. 150	137	5	10	7 b	–	–	Fl. 145
Unilever C	Fl. 160	17	2.50	31	7.30	–	–	Fl. 158.70
Unilever P	Fl. 160	283	3.60	3	5.70	–	–	Fl. 158.70
Van Ommeren C	Fl. 30	222	2.50	65	3.80	24	4.40	Fl. 32.10
Van Ommeren P	Fl. 30	533	0.50	43	1.30	–	–	Fl. 32.10

TOTAL VOLUME IN CONTRACTS : 22,228

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

Bank	%
ABN Bank	15
Adam & Company	15
Allied Trust Bank	15
Allied Irish Bank	15
● Henry Ansbacher	15
Associates Cap Corp	14
Authority Bank	15
● B & C Merchant Bank	15
Bank of Baroda	15
Banco Bilbao Vizcaya	15
Bank Hapoalim	15
Bank Credit & Comm	15
Bank of Cyprus	15
Bank of Ireland	15
Bank of India	15
Bank of Scotland	15
Banque Belge Ltd	15
Barclays Bank	15
Benchmark Bank PLC	15
Brit Bk of Mid East	15
● Brown Shipley	15
CL Bank Nederland	15
● Charterhouse Bank	15
Citibank NA	15
City Merchants Bank	15
Clydesdale Bank	15
Comm. Bk. N. East	15
Co-operative Bank	*15
Coutts & Co	15
Cyprus Popular Bk	15
Dunbar Bank PLC	15
Duncan Lawrie	15
Equatorial Bank plc	15
Exeter Trust Ltd	15½
Financial & Gen. Bank	15
First National Bank Plc	16
● Robert Fleming & Co.	15
Robert Fraser & Ptnrs.	15½
Girobank	15
● Guinness Mahon	15
HFC Bank plc	15
● Hambros Bank	15
Hampshire Trust Plc	15½
Heritable & Gen Inv Bnk	15
● Hill Samuel	§15
C. Hoare & Co.	15
Hongkong & Shangh	15
● Leopold Joseph & Sons	15
Lloyds Bank	15
Meghraj Bank Ltd	15
McDonnell Douglas Bnk	15
Midland Bank	15
Mount Banking	15
Nat Bk. of Kuwait	15
NatWestminster	15
Northern Bank Ltd	15
Norwich Gen. Trust	15
Nykredit Mortgage Bank	15½
PRIVATbanken Limited	15
Provincial Bank PLC	16
Roxburghe G'rantee	15½
Royal Bk of Scotland	15
Royal Trust Bank	15
● Smith & Williamson Secs.	15
Standard Chartered	15
TSB	15
United Bk of Kuwait	15
United Mizrahi Bank	15
Unity Trust Bank Plc	15
Western Trust	15
Westpac Bank Corp.	15
Whiteaway Laidlaw	15
Yorkshire Bank	15

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FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Dec 22 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Thu Dec 21 Index No.	Wed Dec 20 Index No.	Tue Dec 19 Index No.	Year ago (approx) Index No.	1989 High	1989 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (204)	898.97	+0.1	12.86	4.82	9.53	30.71	898.09	900.42	898.94	767.34	1012.97 18/8	775.54 3/1	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (28)	1074.81	+0.3	14.62	5.26	8.53	40.71	1071.83	1072.06	1069.26	933.04	1287.14 19/5	939.06 3/1	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (37)	1478.50	+0.2	16.71	5.23	7.85	56.19	1475.31	1468.87	1463.95	1454.39	1801.66 14/3	1306.13 27/10	1951.58 16/7/87	71.48 2/12/74
4	Electricals (10)	2607.83	-0.3	10.36	4.77	12.13	84.46	2615.76	2634.28	2635.66	2273.02	3040.80 8/9	2294.30 3/1	3040.80 8/9/89	84.71 25/6/62
5	Electronics (30)	1898.11	+0.6	9.72	3.87	13.23	52.19	1878.48	1908.84	1894.36	1747.54	2308.22 19/5	1776.44 3/1	2308.22 19/5/89	1229.01 8/10/85
6	Mechanical Engineering (53)	474.28	----	12.22	4.84	9.97	16.44	474.41	471.69	470.69	403.15	558.05 28/7	406.34 3/1	558.05 28/7/89	45.43 5/1/75
8	Metals and Metal Forming (6)	468.88	-0.6	25.15	6.41	4.49	23.82	471.93	473.78	470.78	450.77	562.47 19/5	439.27 27/10	596.67 9/10/87	49.65 6/1/75
9	Motors (16)	377.23	+0.5	14.10	5.59	8.31	11.84	375.41	375.39	374.16	255.25	378.65 22/9	258.24 3/1	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (24)	1708.58	-0.3	9.69	4.43	12.16	55.27	1714.13	1724.63	1730.88	1293.57	1881.53 18/8	1311.63 3/1	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (184)	1308.63	+0.3	8.70	3.50	14.40	33.79	1304.42	1311.24	1302.93	1009.23	1417.92 4/9	1016.74 3/1	1417.92 4/9/89	61.41 13/12/74
22	Brewers and Distillers (23)	1521.82	-0.2	9.40	3.45	13.21	36.48	1524.26	1528.25	1516.78	1110.13	1583.71 5/9	1112.42 3/1	1583.71 5/9/89	69.47 13/12/74
25	Food Manufacturing (20)	1140.87	+0.5	9.51	3.87	13.05	31.60	1135.62	1141.97	1138.64	912.79	1220.42 4/9	926.04 3/1	1220.42 4/9/89	59.67 11/12/74
26	Food Retailing (15)	2279.24	+0.5	9.15	3.21	14.41	52.06	2268.25	2281.64	2254.12	1761.99	2722.30 5/9	1784.64 3/1	2722.30 5/9/89	54.25 11/12/74
27	Health and Household (14)	2676.82	+0.7	5.86	1.95	20.34	46.95	2659.53	2683.02	2665.45	1782.82	2772.31 4/9	1778.20 3/1	2772.31 4/9/89	175.36 28/5/80
29	Leisure (34)	1637.99	-0.1	8.15	3.61	15.11	44.41	1639.41	1652.48	1643.42	1332.53	1845.77 8/9	1346.22 3/1	1845.77 8/9/89	54.83 9/1/75
31	Packaging & Paper (14)	550.33	+0.2	11.97	5.22	10.47	18.37	549.09	548.99	547.46	516.83	623.86 4/9	512.34 16/10	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (18)	3779.88	----	8.35	4.65	15.47	121.48	3780.57	3787.85	3766.61	3194.86	3916.24 8/2	3236.76 4/1	5078.66 5/10/87	55.08 6/1/75
34	Stores (32)	789.44	+0.7	11.15	4.73	11.68	25.98	784.32	784.54	779.31	677.01	921.71 4/9	679.97 3/1	1160.58 29/7/87	52.63 6/1/75
35	Textiles (14)	519.25	+0.3	11.04	5.72	10.98	22.80	517.56	517.38	524.00	454.46	586.98 21/9	464.58 8/10	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (97)	1180.22	+0.5	10.60	4.52	11.35	39.90	1174.81	1171.82	1164.24	889.65	1225.60 5/9	896.15 3/1	1225.60 5/9/89	58.63 6/1/75
41	Agencies (17)	1538.99	----	6.88	2.37	17.84	27.29	1539.67	1548.83	1554.82	1029.17	1630.70 5/9	1038.84 3/1	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (22)	1213.65	+0.3	12.49	5.27	9.42	47.73	1210.03	1227.24	1222.68	1017.10	1370.94 11/8	1026.37 3/1	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (14)	1609.08	+0.1	11.36	5.36	10.30	68.01	1606.80	1609.60	1606.61	1237.17	1819.46 11/8	1254.94 3/1	1819.46 11/8/89	975.19 10/11/87
45	Transport (13)	2298.80	+0.7	10.53	4.18	12.10	68.85	2283.04	2268.93	2258.19	1837.11	2554.69 12/7	1836.25 4/1	2554.69 12/7/89	90.80 29/6/62
47	Telephone Networks (2)	1241.14	+1.3	10.23	4.13	12.71	38.54	1225.78	1205.22	1182.89	999.76	1241.14 22/12	1002.43 3/1	1274.14 9/6/87	517.92 30/11/84
48	Miscellaneous (29)	1925.00	----	10.46	4.70	10.73	65.42	1925.27	1928.71	1915.26	1175.28	2087.86 11/7	1183.56 5/1	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (485)	1180.02	+0.3	10.27	4.12	11.97	35.72	1176.37	1179.00	1172.81	928.05	1273.71 5/9	935.74 3/1	1273.71 5/9/89	59.01 13/12/74
51	Oil & Gas (15)	2380.95	----	9.09	4.81	14.54	96.43	2380.50	2398.58	2375.77	1735.47	2452.12 13/12	1725.48 [illegible]	2458.68 16/7/87	87.23 29/5/62
59	500 SHARE INDEX (500)	1280.27	+0.3	10.10	4.22	12.28	40.70	1276.84	1280.69	1273.16	996.49	1355.68 5/9	1002.81 3/1	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (120)	846.75	+0.5	–	5.00	–	30.41	842.37	841.59	834.41	668.55	846.75 22/12	670.86 3/1	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	868.91	+1.0	19.86	5.79	6.62	36.37	860.28	857.59	853.92	642.05	871.65 13/12	657.74 3/1	898.38 16/7/87	62.44 12/12/74
65	Insurance (Life) (7)	1431.47	+0.7	–	4.64	–	47.56	1421.41	1423.95	1408.55	923.77	1431.47 22/12	933.96 5/1	1431.47 22/12/89	44.88 2/1/75
66	Insurance (Composite) (7)	742.70	+0.4	–	5.89	–	28.34	739.65	740.20	725.68	521.28	742.70 22/12	528.72 3/1	742.70 22/12/89	43.96 13/12/74
67	Insurance (Brokers) (7)	1157.39	+0.4	6.51	5.43	20.45	47.09	1152.46	1146.10	1144.26	991.14	1157.39 22/12	916.68 3/1	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (11)	471.43	----	–	3.66	–	11.59	471.61	471.75	472.02	318.75	479.07 14/12	318.85 3/1	547.59 12/10/87	32.22 7/1/75
69	Property (49)	1221.43	-0.1	7.45	3.51	16.99	30.32	1222.64	1225.00	1215.04	1194.29	1398.87 5/9	1126.55 17/10	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (30)	334.49	+0.1	12.62	6.31	10.40	15.82	334.18	332.28	332.41	340.93	391.49 8/2	304.56 16/10	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (69)	1282.61	+0.1	–	2.82	–	25.23	1281.18	1283.49	1280.18	910.73	1292.63 13/12	922.04 3/1	1292.63 13/12/89	71.12 13/12/74
81	Mining Finance (1)	731.38	+0.5	10.21	3.68	11.01	22.25	727.53	728.81	718.54	556.61	754.47 8/9	561.50 3/1	754.47 8/9/89	66.31 30/9/74
91	Overseas Traders (7)	1542.73	+1.2	8.95	5.24	12.80	60.11	1524.92	1523.00	1505.48	1256.12	1543.93 8/9	1255.90 17/10	1543.93 8/9/89	97.37 6/1/75
99	ALL-SHARE INDEX (697)	1177.11	+0.3	–	4.30	–	37.79	1173.40	1176.10	1168.64	915.52	1225.88 5/9	921.22 3/1	1238.57 16/7/87	61.92 13/12/74
		Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 21	Dec 20	Dec 19	Dec 18	Dec 15	Year ago				
	FT-SE 100 SHARE INDEX§	2362.0	+9.8	2362.0	2354.1	2353.0	2360.7	2342.1	2358.5	2344.7	1774.0	2426.0 5/9	1782.8 3/1	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Dec 22	Day's change %	Thu Dec 21	xd adj. today	xd adj. 1989 to date
	British Government					
1	Up to 5 years	117.01	+0.15	116.84	–	11.71
2	5-15 years	130.21	+0.17	130.10	0.11	13.99
3	Over 15 years	140.49	+0.08	140.38	–	13.96
4	Irredeemables	159.73	+0.13	159.53	–	13.66
5	All stocks	128.53	+0.15	128.39	0.06	13.38
	Index-Linked					
6	Up to 5 years	141.30	+0.18	141.04	–	2.79
7	Over 5 years	140.83	+0.23	140.51	–	3.84
8	All stocks	140.74	+0.22	140.43	–	3.74
9	Debentures & Loans	106.28	+0.12	106.15	–	10.92
10	Preference	84.91	-------	84.91	–	6.39

	AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 22	Thu Dec 21	Year ago (approx.)	1989 High	1989 Low
	British Government						
1	Low	5 years	10.13	10.13	10.17	10.48 11/10	8.88 9/2
2	Coupons	15 years	9.52	9.52	9.46	9.91 4/12	8.77 9/2
3		25 years	9.46	9.45	9.06	9.83 4/12	8.73 16/2
4	Medium	5 years	10.98	10.99	10.49	11.41 6/12	9.96 8/2
5	Coupons	15 years	9.95	9.95	9.68	10.32 6/12	9.21 8/2
6		25 years	9.61	9.61	9.28	9.96 4/12	8.85 17/2
7	High	5 years	11.13	11.14	10.67	11.56 6/12	10.13 8/2
8	Coupons	15 years	10.15	10.15	9.82	10.53 4/12	9.41 8/2
9		25 years	9.75	9.74	9.30	10.10 4/12	8.99 27/1
10	Irredeemables	†	9.60	9.60	8.92	9.93 4/12	8.68 15/3
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.83	3.85	3.73	4.10 13/10	2.75 21/8
12	Inflation rate 5%	Over 5 yrs.	3.60	3.61	3.75	3.84 5/6	3.41 21/8
13	Inflation rate 10%	Up to 5 yrs.	2.92	2.93	2.48	3.30 2/6	1.91 21/8
14	Inflation rate 10%	Over 5 yrs.	3.43	3.43	3.58	3.67 5/6	3.23 21/8
15	Debs &	5 years	13.01	13.34	11.56	13.82 3/11	11.47 30/12
16	Loans	15 years	12.48	12.54	11.26	12.55 29/11	11.19 1/2
17		25 years	12.07	12.06	10.96	12.19 29/11	10.66 27/2
18	Preference	†	10.80	10.80	10.42	10.83 7/12	10.00 17/3

§Opening Index 2354.1; 10 am 2357.8; 11 am 2359.5; Noon 2360.0; 1 pm 2361.1; 2 pm 2361.6; 3 pm 2361.6; 3.30 pm 2361.8; 4 pm - (a) 3.08pm (b) 9.00am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 32p.

GILT YIELDS: Treasury Cnv. 10% 1991 and Treasury Cnv. 10½% 1992 have been included in the yield calculation. Funding 5¾% 1987/1991 has been reinserted into the yield calculation. DEBENTURE YIELDS: ELF (UK) 12¼% 1991 has been reinserted into the yield calculation.

INTERNATIONAL COMPANIES AND FINANCE

American Express to sell Swiss banking subsidiary

By William Dullforce in Geneva

AMERICAN Express Bank is negotiating the sale of TDB American Express, its Geneva investment banking subsidiary, to Compagnie de Banque et d'Investissements (CBI), a small Swiss bank in which Mr Carlo De Benedetti, the Italian industrialist and financier, holds a minority stake.

TDB American Express is the biggest foreign-owned bank and sixth largest commercial bank in Switzerland, with assets totalling SFr9.2bn ($6bn) at the end of 1988.

It took its present form last year, when American Express Bank merged AEB (Switzerland), its Zurich subsidiary, with the much larger Geneva-based Trade Development Bank (TDB), which it had bought for $520m from Mr Edmond Safra, the Lebanese-born banker, in 1983.

CBI, with SFr737m in assets at the end of 1988, specialises in private portfolio management. It was founded in 1969 by Mr Edgar de Picciotto, who has a long-standing personal link with Mr De Benedetti. Société Financière de Geneve (Sofigen), the Geneva-based investment company controlled by Mr De Benedetti, holds 9.6 per cent of CBI, which in turn has a 5 per cent stake in Sofigen.

Neither American Express Bank nor CBI would confirm that a deal has been struck. CBI said yesterday it would make an announcement next week. Bankers close to TDB American Express said a contract had been initialled, under which CBI would acquire an 80 per cent stake, leaving the remaining 20 per cent with American Express Bank.

The expected sale of TDB American Express was seen as part of the corporate restructuring and disinvestment strategy that Mr James Robinson, chairman of the New York-based financial and travel services group, is currently pursuing.

A new president, Mr Robert Savage, was appointed to American Express Bank last July. Local bankers say AEB has had difficulties in fitting TDB, a private banking operation placing clients' funds in short-term money market investments, into its strategy of providing wealthy customers with a range of commercial, savings and investment, treasury and transaction services on a global basis.

The difficulties have been compounded by differences with Mr Safra. He had agreed to help American Express develop TDB but resigned in 1985, only to return to Geneva last year to establish a branch of Republic National Bank of New York, which he controls, in direct competition with TDB.

In a bizarre incident last July Mr Robinson made a public apology to Mr Safra for "untrue and defamatory" stories about him spread through the media by persons acting on American Express's behalf.

American Express paid $8m to charities at Mr Safra's request in settlement of this dispute.

CBI has been growing rapidly in the last few years. In January it bought Morgan Grenfell Securities SA, Geneva, and opened its own securities company in London. It posted net earnings of SFr20.2m in 1988, compared with TDB American Express's SFr79.8m.

Sears faces lawsuit over low-price strategy

By Karen Zagor in New York

SEARS, ROEBUCK, the world's biggest retailer, has been charged by the New York Attorney General with making false claims for its so-called "everyday low price."

In a lawsuit filed with the state supreme court in Buffalo, New York, Mr Robert Abrams claimed Sears was "using deceptive advertising and merchandising practices that are intended to trick people into thinking they are getting a bargain."

When Sears introduced its low-price strategy in March, the Chicago-based retailer said the new prices would fall between the old "regular" prices and sale prices. However, according to Mr Abrams an 18-month investigation revealed the actual prices paid by customers remained largely unchanged.

"The old price was fictitious to begin with, and Sears compounded the deception when it pretended that the new everyday low price, represented a better deal," Mr Abrams said.

Sears launched the pricing policy to attract customers and help bolster flagging returns.

In the third quarter, the Sears Merchandising Group reported a net profit of $82.9m against $110.5m a year earlier on revenues of $7.59bn against $7.49bn. The company attributed the downturn to softer demand for durable goods.

Mr Michael Bozic, chairman and chief executive, said he was "shocked by the distorted and untrue statements" made by Mr Abrams.

The suit also alleges that during 1987 and 1988 Sears violated a 1986 agreement with the Attorney General to stop advertising sales that pretended to offer goods at a discount. Sears paid a $75,000 fine to settle the 1986 action.

Nintendo in the video game wars

Louise Kehoe on the latest skirmish in a battle for market control

Three Christmases in a row, Nintendo video games have hit the jackpot as the top selling toy in the US. As parents once more trudge from store to store in search of the most popular Nintendo video game cartridges – always in short supply – the company confidently projects 1990 sales of more than $2.7bn, up from last year's $1.7bn.

Yet for Nintendo America, the US subsidiary of the Japanese video game manufacturer, this is hardly the season of good will. In Washington the company has been accused of deliberately limiting competition in the video game market, and the results of a Congressional investigation were referred to the Justice Department with a request for anti-trust action.

"There is strong evidence that Nintendo has violated anti-trust laws," said Representative Dennis Eckart, chairman of the Antitrust Subcommittee of the House Small Business Committee.

Nintendo denies the Congressman's charges and claims it has been prevented from presenting its side of the story. A hearing at which Nintendo and four of its software licensees had planned to testify was inexplicably canceled, the company said.

Nintendo's domination of the US home video game market is, however, unquestionable. The company holds an 80 per cent share of the market for video game machines and controls 100 per cent of the market for the game cartridges that plug into the Nintendo Entertainment System (NES).

An estimated one out of every five households in the US has an NES. Among families with school-age boys the percentage is much higher.

Nintendo launched its video games in the US four years ago, after already achieving enormous popularity in Japan. The US market represented a big challenge, however, because the first boom and bust video game fad, led by Atari in the early 1980s, was still a painful memory for toy retailers who lost millions of dollars when the bubble burst.

The US video game market represented a big challenge

According to Nintendo, it was a lack of quality control that ruined the video game business, and Atari, in the early days. "The video game business collapsed because cheap, poor-quality software flooded the market," Nintendo said. The company is determined not to let the pattern be repeated.

To ensure that only "high-quality" games reach the market-place, Nintendo has insisted on control of the manufacture of all games that play on its machines. Its methods are now, however, the subject of scrutiny in Washington and debate throughout the industry.

Yet Nintendo's version of video game history tells only part of the story. In 1982 US video game sales peaked at over $2bn dollars. By the end of 1983 they were down to $1bn and the decline continued. At the time, many observers felt that the video game "boom and bust" was the latest example of a passing electronic toy fad.

In retrospect it is clear that too many video game makers tried to jump on the bandwagon and that intense competition caused a price cutting war that destroyed virtually all of the participants in the video game market.

With memory chips that stored only a quarter of the amount of program data held by today's devices, the first generation video game developers were also severely limited by technology and were eventually unable to maintain consumer interest in relatively simple games.

In the mid 1980s the video game market faded as other "fad" toys such as the Cabbage Patch doll, Teddy Ruxpin the talking bear, and then Lazer Tag captured children's interest.

When Nintendo arrived in the US in 1985 it had to persuade retailers that video games could rise from the ashes of Atari. "Only by convincing retailers of our commitment to quality control and by guaranteeing that any unused product would be bought back by Nintendo, and by promising saturation TV advertising was Nintendo able to get its retail efforts off the ground," the company said.

Industry analysts suggest that it was the buy-back guarantee that initially won Nintendo retail shelf space. Thereafter, the superior games offered by the company quickly won consumer interest. And the US toy industry has failed, in the last three years, to come up with a new "mega-hit" toy to challenge Nintendo.

The question raised by the Congressional investigation is, however, whether Nintendo also recognised that there was room in the US video game market for only one successful company and that it sought to limit the kind of cut-throat competition that destroyed the Atari video game boom.

Among the issues raised by the Congressional investigation are Nintendo's "restrictive" licensing agreements with software developers. Nintendo insists on manufacturing all the video game cartridges that play on its NES, even those developed by its software licensees. The Japanese company also decides which games to make and in what quantities.

In addition, the company is accused of putting pressure on retailers not to carry competing products.

Whatever the outcome of this battle, it is clear that Nintendo's strategy has been enormously successful. It has become one of the most widely recognised brand names in America.

The company's magazine, Nintendo Power, is said to have the widest paid circulation of any US magazine. And the Nintendo Entertainment System is the first toy ever to top the sales charts in the US for three years in a row.

Paribas renews Mixte offensive

By William Dawkins in Paris

PARIBAS, the French investment bank, yesterday signalled its intention to continue its FFr19.4bn ($3.3bn) bid for Navigation Mixte, the food to financial services conglomerate, in spite of initial failure to win control.

Mixte revealed at the same time that it had bought more than 10 per cent of Paribas' shares in an attempt to fight off the two-month-old bid, which is fast becoming one of France's most bitter takeover battles.

This means the conglomerate, run by Mr Marc Fournier, is now the largest single shareholder in Paribas. If it continues buying it could build a potentially disruptive position in a group which has a fragmented shareholder structure – the next biggest stake is about 5 per cent.

Mr Michel François-Poncet, Paribas president, said after a strategy-setting board meeting yesterday: "My intention, supported by the unanimous opinion of the directors, is to propose to the board that a positive continuation be given to the offer."

Officials said that meant Paribas intended to accept the 12 per cent of Mixte shares which had been tendered to its October offer, lifting the bank's existing 28 per cent stake in the conglomerate to 40 per cent.

Paribas' offer was originally dependent on the bank getting 50 per cent of Mixte. But bank officials said Paribas now wanted to proceed regardless, to show it refused to submit to Mixte pressure on the bank not to buy the tendered shares.

Mr Fournier's main aim is understood to be to avoid dominant shareholdings in his group so he can continue running Mixte in his traditionally independent style.

Paribas officials denied reports that Mixte's counter-attack had opened up splits in the bank's management and shareholders. Between 65 per cent and 75 per cent of the bank's shares are held by French and European institutional shareholders and Middle Eastern interests, believed to be broadly loyal to Paribas' management.

Burda sells US printing side

By Our Financial Staff

R.R. Donnelley, the US printing business, is to pay $487.5m for Meredith/Burda, the US printing joint venture between the Burda group of West Germany and Meredith, the US media group.

Meredith said the sale would allow it to focus core businesses like magazine and book publishing, television broadcasting, and real estate marketing and franchising.

Meredith/Burda employs about 3,205 workers. Donnelley is the largest US printer of newspapers, catalogues, magazines, books and directories.

Rabobank studies insurance merger

RABOBANK, the big Dutch banking group, and NV Interpolis, the co-operative insurance group, are examining the possibility of a merger, Reuter reports.

Interpolis, a medium-sized unlisted Dutch insurance company, posted a net profit of Fl 72.5m ($37.4m) in 1988 on revenue of Fl 1.9bn. Rabobank, by balance sheet total the third largest banking group in the Netherlands, posted net profits of Fl 443m in the first half of 1989 on revenue of Fl 2.55bn.

Legal upset for Mondadori

MR Silvio Berlusconi, the Italian media magnate, and his allies yesterday notched up the first legal victory of any importance in the battle for control of Mondadori, Italy's largest publishing group, writes John Wyles.

A Milan judge overruled a decision by the Mondadori board, controlled by Mr Carlo De Benedetti, the Italian businessman, to call a special shareholders' meeting on January 26. The judge ruled that the company's board had not been properly constituted legally since April, when four resignations were replaced by co-opted members.

Mr De Benedetti wants a special shareholders' meeting as soon as possible to approve a L320bn ($249m) capital increase which will give him and his allies full control of Mondadori's ordinary.

Control is currently exercised by Mr Berlusconi, who was in a minority until the Formenton family assured him a slender majority by abandoning their allegiance to Mr De Benedetti.

VW in E. German joint venture

By Kevin Done, Motor Industry Correspondent

VOLKSWAGEN, the West German automotive group, has set up a 50/50 joint venture with East Germany to plan the joint development of cars and light commercial vehicles.

VW is joining forces with VEB IFA-Kombinat Personenkraftwagen, the East German company based in Karl Marx Stadt, which began producing VW engines under licence in 1988.

VW said the joint venture, Volkswagen IFA-Pkw GmbH, would initially be located in Wolfsburg, where the West German group is headquartered. It would be transferred to Karl Marx Stadt when East Germany passed legislation allowing the formation of joint venture companies.

The company will have an initial workforce of 80, recruited from the two parent companies, which will also appoint two executive directors to manage the operation.

It will be headed by an eight-strong board with four members from each partner. It will have an initial equity capital of DM400,000 ($232,500), of which DM100,000 would be paid up.

The agreement to establish the company was signed yesterday in Wolfsburg by Mr Carl Hahn and Mr Horst Münzer, chairman and deputy chairman of the VW executive board, and Mr Dieter Voigt, IFA general-director.

IFA began delivery earlier this month of its first basic engines to VW assembly plants in the Federal Republic, part of the original barter deal signed with VW in 1984.

The East German company is due to deliver about 430,000 1.3-litre engines to the West German car maker over the next four years, in payment for plant and equipment delivered by VW for the engine factory.

In East Germany the 1.05 and 1.3-litre VW engines will be fitted to some of the locally-built Trabant and Wartburg cars, replacing the existing out-dated two-stroke engines.

UBF forecasts lower profit

UNION Bank of Finland will have a considerably weaker result in 1989 and the outlook for 1990 is "satisfactory at most," Reuter reports.

According to Mr Ahti Hirvonen, chairman, high interest rates were putting a strain on profitability while the weakness of the Helsinki bourse was restricting capital market operations.

He said the estimated 1989 result had been revised downwards although he did not give a figure. UBF's 1988 profit before appropriations and taxes totalled FM1.76bn ($430m). Mr Hirvonen added that UBF had already taken steps to improve marketing and service and trim costs.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1989	Low 1989
Gold per troy oz.	$413.25	+1.00	$417.75	$416.25	$356.5
Silver Per troy oz	345.95p	-3.65	340.15p	376.15p	313.90p
Aluminium 99.7% (cash)	$1626.5	-3.5	$2542.5	$2610	$1587
Copper Grade A (cash)	£1513.0	+1.5	£1936	£1982.5	£1474
Lead(cash)	£451.75	+18.75	£391.5	£487.5	£337
Nickel (cash)	$8675	-625	$19450	$19350	$8650
Zinc (cash)	$1415	-140	$1606	$2107.5	$1360
Tin (cash)	$7012.5	+17.5	£4170	$10760	$6440
Cocoa Futures (Mar)	£625	+2	£897	£947	£623
Coffee Futures (Mar)	£643	-20	£1187	£1270	£642
Sugar (LDP Raw)	$311.8	-19.8	$277.6	$381.0	$235.8
Barley Futures (Mar)	£113.45	+0.20	£111.35	£113.85	£100.95
Wheat Futures (Mar)	£118.00	+1.10	£114.60	£121.65	£104.7
Cotton Outlook A Index	76.85c	-0.60	62.35c	84.95c	61.35c
Wool (64s Super)	578p		641p	710p	576p
Rubber (Spot)	56.25p	+1.75	55.00p	64p	54.50p
Oil (Brent Blend)	$19.725z	+0.45	$15.40	$21.35	$16.125

Per tonne unless otherwise stated. †Unquoted. p-pence/kg, c-cents lb. z-Feb.

LONDON METAL EXCHANGE	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
(Prices supplied by Amalgamated Metal Trading)						
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 8,900 tonne
Cash	1626-7	1614-6	1630/1628	1626-7		
3 months	1625-7	1617-9	1630/1615	1625-7	1625-7	35,399 lots
Copper, Grade A (£ per tonne)						Ring turnover 29,600 tonne
Cash	1512-4	1480-1	1525/1500	1512-4		
3 months	1498-9	1490-1	1507/1492	1498-9	1495-8	67,183 lots
Lead (£ per tonne)						Ring turnover 5,400 tonne
Cash	451.5-2.0	442-3	452	451.5-2.0		
3 months	440-1	438.5-9.0	440/440	440-1	438-9	9,898 lots
Nickel ($ per tonne)						Ring turnover 6,713 tonne
Cash	8650-700	8750-850	8700	8650-700		
3 months	7950-75	8160-75	8100/7975	7950-75	8000-50	6,676 lots
Tin ($ per tonne)						Ring turnover 200 tonne
Cash	7010-5	6960-80	7015/7010	7010-5		
3 months	7145-50	7085-100	7175/7140	7145-50	7130-40	6,242 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 11,550 tonne
Cash	1510-5	1475-85	1505/1500	1510-5		
3 months	1335-7	1345-8	1350/1325	1335-7	1330-40	15,075 lots
Zinc ($ per tonne)						Ring turnover 1,500 tonne
Cash	1410-20	1360-80		1410-20		
March 21	1320-30	1315-25		1320-30	1305-15	1,819 lots

LME Closing £/$ rate: SPOT: 1.6170 3 months: 1.5922 6 months: 1.5684 9 months: 1.5471

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$17.00-7.05w	-.005
Brent Blend	$19.70-9.75w	+0.15
W.T.I. (1 pm est)	$21.35-1.38w	+0.07
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$192-194	
Gas Oil	$216-217	+0.5
Heavy Fuel Oil	$103-104	+1.5
Naphtha	$171-172	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$413.25	+.50
Silver (per troy oz)♣	580c	+3
[illegible]	[illegible]	[illegible]

COCOA – London FOX	Close	Previous	High/Low
£/tonne			
Dec	635	641	641 631
Mar	625	630	630 620
May	636	641	638 630
Jul	647	658	655 644
Sep	666	673	670 661
Dec	689	695	692 686
Mar	709	714	710 705

Turnover: 4122 (1748) lots of 10 tonnes.
ICCO indicator prices (SDRs per tonne). Daily price for Dec 22 733.14 (738.08): 10 day average for Dec 26 744.07 (746.65)

COFFEE – London FOX £/tonne

[illegible]

SUGAR – London FOX ($ per tonne)

[illegible]

CRUDE OIL – IPE $/barrel

[illegible]

POTATOES – BFE	Close	Previous	High/Low
£/tonne			
Apr	207.5	206.1	207.5 206.5
May	233.0	230.5	230.9

Turnover 31 (197) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

[illegible]

FREIGHT FUTURES – BFE $10/index point

[illegible]

GRAINS – BFE £/tonne

[illegible]

GAS OIL – IPE $/tonne

[illegible]

PIGS – BFE (Cash Settlement) p/kg

[illegible]

LONDON BULLION MARKET		
Gold (fine oz)	$ price	£ equivalent
Close	413-413½	255¼-255¾
Opening	413-413½	255¾-256¼
Morning fix	413.20	255.377
Afternoon fix	N/A	N/A
Day's high	413¼-413¾	
Day's low	412¾-413¼	

Coins $ price £ equivalent

[illegible]

Silver fix p/fine oz US cts equiv

[illegible]

TRADED OPTIONS

[illegible]

US MARKETS

A WEAKER US DOLLAR prompted modest strength in the precious metals ahead of the long-weekend, reports Drexel Burnham Lambert. Copper futures rallied as local short-covering prompted general position-squaring. Heating oil futures extended recent gains as the extreme cold weather in the US persisted. Crude oil and unleaded gasoline saw some profit-taking and technical selling. Sugar was steady with mixed buying late in the session, cocoa was lethargic while coffee struggled to maintain early gains in a truncated session. Orange juice fell sharply as heavy commission sell stops induced trade selling. Cotton was firm on weather concerns. Pork bellies were firm on weather concerns, live hogs and cattle fell slightly on position-squaring. The grains were on balance lower on pre-long weekend liquidation.

New York

GOLD 100 troy oz.; $/troy oz.

[illegible]

PLATINUM 50 troy oz; $/troy oz.

[illegible]

SILVER 5,000 troy oz; cents/troy oz.

[illegible]

HIGH GRADE COPPER 25,000 lbs; cents/lbs

[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)

DOW JONES (Base: Dec. 31 1974 = 100)

[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel

HEATING OIL 42,000 US galls, cents/US galls

COCOA 10 tonnes;$/tonnes

COFFEE "C" 37,500lbs; cents/lbs

SUGAR WORLD "11" 112,000 lbs; cents/lbs

COTTON 50,000; cents/lbs

ORANGE JUICE 15,000 lbs; cents/lbs

[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

SOYABEAN OIL 60,000 lbs; cents/lb

SOYABEAN MEAL 100 tons; $/ton

MAIZE 5,000 bu min; cents/56lb bushel

WHEAT 5,000 bu min; cents/60lb-bushel

LIVE CATTLE 40,000 lbs; cents/lbs

LIVE HOGS 30,000 lb; cents/lbs

PORK BELLIES 40,000 lbs; cents/lb

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to fall

The dollar continued to weaken in thin trading, ahead of the Christmas holiday. A narrowing of interest rate differentials between New York and Frankfurt pushed the dollar lower, after Wednesday's action by the Federal Reserve to inject liquidity in New York. This increased speculation about a cut in US bank prime rates and the Fed's discount rate.

There was adverse reaction in US debt futures on the Chicago market to news of a surprisingly high rise of 5.1 per cent in November US durable goods orders, but this did not prompt any significant movement in the dollar. Levels of DM1.70 and Y142.30 are seen as technical support points for the US currency.

In Frankfurt the dollar was fixed at DM1.7134, the lowest fixing level since June 7, 1988, but the Bundesbank did not intervene. Foreign exchange trading was generally very slow, with the D-Mark showing very little movement against its partners in the European Monetary System.

At the close in London the dollar had fallen to DM1.7080 from DM1.7250; to Y142.85 from Y143.70; to SFr1.5495 from SFr1.5575; and to FFr5.8400 from FFr5.8950.

Sterling also traded very quietly, lacking fresh factors. The pound improved against the dollar but lost ground to the firm D-Mark and the Japanese yen. Sterling rose 85 points to $1.6210 and was unchanged at SFr2.5125. On the other hand the pound fell to DM2.7675 from DM2.7825; to Y231.50 from Y231.75, and to FFr9.4675 from FFr9.5050. According to the Bank of England sterling's index closed unchanged at 86.9.

ON THE LONDON MONEY MARKET three month sterling interbank had a slightly easier tone at 15⅛-15 per cent, against 15⅛-15$\frac{1}{16}$ per cent. On Liffe short sterling futures traded in a narrow range, opening unchanged at 85.62, and closing at 85.61.

The Bank of England forecast a large credit shortage of £1,100m, and absorbed the entire amount in early operations with assistance of £1,114m. At that time the authorities bought £980m bills outright, by way of £96m Treasury bills in band 2 at 14⅞ per cent and £884m bank bills in band 2 at 14⅞ per cent. Another £134m bills were purchased, for resale to the market on January 8, at a rate of 14⅞ per cent.

The Bank of England did not conduct any further operations in the market during the day.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £883m, with a pre-Christmas rise in the note circulation absorbing £550m. These factors outweighed Exchequer transactions adding £250m to liquidity and bank balances above target of £85m.

£ IN NEW YORK

Dec.22	Latest	Previous Close
£ Spot	1.6200-1.6210	1.6140-1.6150
1 month	0.84-0.83pm	0.92-0.90pm
3 months	2.39-2.36pm	2.54-2.46pm
12 months	8.38-8.28pm	8.93-8.83pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Dec.22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6100 - 1.6270	1.6205 - 1.6215	0.89-0.87cpm	6.51	2.50-2.47pm	6.13
Ireland†	1.5290 - 1.5400	1.5400 - 1.5410	0.33-0.28cpm	2.38	1.22-1.12pm	3.04
Canada	1.1570 - 1.1605	1.1585 - 1.1595	0.35-0.40cdis	-3.88	1.05-1.10dis	-3.71
Netherlands	1.9225 - 1.9465	1.9280 - 1.9290	0.05-0.02cpm	0.22	0.04-0.09dis	-0.13
Belgium	35.80 - 36.25	35.80 - 35.90	2.00-6.00cdis	-1.33	11.00-17.00dis	-1.56
Denmark	6.63½ - 6.73	6.65½ - 6.66	1.80-2.15oredis	-3.55	5.90-6.40dis	-3.69
W. Germany	1.7025 - 1.7235	1.7075 - 1.7085	0.07-0.04pfpm	0.38	0.06-0.03pm	0.10
Portugal	150.65 - 150.95	150.75 - 150.85	110-160cdis	-10.77	360-510dis	-11.57
Spain	110.10 - 111.45	110.30 - 110.40	68-78cdis	-7.93	202-212dis	-7.50

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6210	1.6125	1.5962	1.5720	1.5319
D-mark	2.7675	2.7517	2.7245	2.6865	2.6233
French Fr.	9.4675	9.4335	9.3781	9.3027	9.1912
Swiss Fr.	2.5125	2.4996	2.4751	2.4398	2.3784
Yen	231.50	229.90	227.10	223.05	216.30

POUND SPOT- FORWARD AGAINST THE POUND

EMS EUROPEAN CURRENCY UNIT RATES

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

FINANCIAL FUTURES AND OPTIONS

FT GUIDE TO WORLD CURRENCIES

In 27/12/89's edition.

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.6461	0.6466	0.6440	0.6415
Jun	0.6461	0.6465	0.6440	0.6413
Sep	0.6460	0.6460	0.6440	0.6412
Dec	-	-	-	0.6416

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
Mar	349.45	350.10	349.40	349.45
Jun	353.60	353.90	353.40	353.40
Sep	-	-	-	357.80

LONDON TRADED OPTIONS

VOLUME on the London Traded Options Market languished yesterday in a typical seasonal slowdown. The market closed early and was practically deserted after lunch as traders left for the holiday.

Activity was a low 11,131 contracts; most of these were call options, which traded 8,144 lots compared with 2,987 puts. Volume was concentrated in the busiest equity options of the week with the FT-SE 100 index option extremely quiet.

FT-SE index option volume dwindled to 2,695 contracts and of these 1,776 were puts and 919 calls. The busiest series in the FT-SE was the December 2,300 put which traded 592 lots.

British Telecom was the most active stock option after a brokerage firm executed a February 260-280 call spread which accounted for 1,000 contracts. Total volume in BT was 1,465 contracts, mostly focused on call options which traded 1,148 lots compared with just 317 puts. The February 280 call which traded 534 lots was the busiest series.

Other active stock options included Cable & Wireless where 1,118 lots changed hands, most of them calls which traded 1,105 lots against only 13 puts. The busiest series was the January 550 call where 838 contracts changed hands.

Asda was the third largest stock option yesterday with 925 contracts changing hands, of these 855 were calls and 70 were puts. The busiest series in Asda was the April 330 call which traded 448 lots.

Lonrho also saw some activity with 505 contracts traded of which only three were puts. The busiest series was the March 330 call which traded 278 lots.

Asda was the fifth busiest stock option and traded 406 contracts, of which 307 were calls and 99 puts. The busiest series was the June 50 call which traded 140 contracts.

The LTOM will reopen on Wednesday.

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons	420	74	92	97	-	4½	10
(*467)	460	37	60	67	4½	12	20
	500	14	35	45	23	30	38
ASDA	110	13	19	23	3½	8	9
(*116)	120	6½	13	18	8	12	14
Brit. Airways	180	44	51	53	1	3	4
(*221)	200	25	35	35	1½	5	8
	220	9	20	23	8	13	16
Storehouse	100	10	16	19	4	7	10
(*108)	110	5	11	14	9	12	15
Trafalgar	330	-	45	50	-	14	20
(*344)	347	16	-	-	14	-	-
Utd. Biscuits	330	28	37	45	3½	8	11
(*351)	360	8	18	28	12	20	22

Option		Calls Jan	Calls Mar	Calls May	Puts Jan	Puts Mar	Puts May
Polly Peck	360	37½	52	63½	4¼	11½	15
(*389)	390	17¼	34	45½	15	23½	27¼
Thames Water	130	18	23	28	1	2	3½
(*147)	140	11½	14	19	3	4½	5½
	160	2	6	9	14½	16	16
Water Hldg Pkg	1400	115	155	190	13	25	30
(*1470)	1450	75	120	155	30	45	50
	1500	15	90	130	60	70	80

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". ‡ Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market.

TRADITIONAL OPTIONS

- First Dealings Dec 18
- Last Dealings Jan 5
- Last Declarations Mar 22
- For settlement Apr 2

For rate indications see end of London Share Service

Calls in Baynes (Chas), Conroy Pet. & Nat. Res., Ferranti Intl., Glynwed Intl., Ketson, Lonrho, Rosehaugh. Put in Ferranti Intl.

GRANVILLE SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
343	295	Ass. Brit. Ind. Ordinary	337	0	10.3	3.1	9.1

WORLD STOCK MARKETS

US MARKETS (3pm)

December 22	US$	+ or −
AAR	34½	—
AMCA	3½	—
AMR Corp	59⅝	+⅛
ASA	56¼	—
AVX Corp	29⅝	−⅛
Abbott Labs	67¼	+½
Acme Cleveland	11	−⅛
Adobe Res	13⅞	+⅛
Advanced Micro	7⅝	—
Aetna Life	56	+⅛
Affil Publ.	11½	—
Ahmanson (H.F.)	18¼	+⅜
Air Prod & Chem	46½	−⅛
Alberto-Culver	43	—
Albertson's	55¼	+1
Alcan Aluminium	22⅜	—
Alco Standard	33¼	+⅛
Alexander & Al	30⅝	−⅛
Alex Baldwin	36½	—
Allegheny Power	41¼	+⅜
Allied Signal	35⅜	−¼
Aluminium Co of Am	73¼	+⅛
Amax	23¼	—
Amdahl Corp	12⅞	—
Amerada Hess	49¾	−2⅛
Am Brands	68⅝	+½
Am Cyanamid	55¼	+¼
Am Elect Power	33	+⅛
Am Express	32	+⅝
Am Family	17½	+⅛
Am Gen Corp	30⅞	+⅜
Am Greetings	34⅞	−⅛
Am Home Prod	104⅛	+1⅜
Am Intl Group	102	+½
Am National Insce.	34	—
Am Petrofina	74⅝	−⅛
Am Stores	57	+1
Am T & T	44½	+⅝
Ameritech	66⅛	+1
Ames Dept Stores	9⅞	+⅛
Ametek Inc	12⅜	−⅛

INDICES

NEW YORK

DOW JONES	Dec 21	Dec 20	Dec 19	Dec 18	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2691.13	2687.93	2695.61	2697.53	2791.41 (9/10)	2144.64 (3/1)	2791.41 (9/10/89)	41.22 (2/7/32)
Home Bonds	93.42	93.48	93.43	93.47	94.15 (2/8)	87.35 (23/3)	—	—
Transport	1143.67	1136.74	1139.22	1140.83	1532.01 (5/9)	959.95 (3/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	233.40	233.84	233.65	233.65	235.98 (15/12)	181.84 (24/2)	235.98 (15/12/89)	10.50 (8/4/32)

♦Day's High 2714.16 (2719.07) Low 2671.72 (2667.02)

STANDARD AND POOR'S	Dec 21	Dec 20	Dec 19	Dec 18	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	344.78	342.84	342.46	343.69	359.80 (9/10)	275.31 (3/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	393.81	391.86	392.45	393.60	410.49 (9/10)	318.66 (3/1)	410.49 (9/10/89)	3.62 (21/6/32)
Financial	30.27	29.90	29.28	29.53	35.24 (9/10)	24.30 (3/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	190.50	189.54	189.40	190.17	199.34 (9/10)	154.98 (3/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	369.55	368.18	367.95	370.86	397.03 (10/10)	305.24 (3/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	441.09	436.94	434.35	436.03	485.73 (9/10)	378.56 (3/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Dec 15	Dec 8	Dec 1	year ago (approx.)
Dow Industrial Div. Yield	3.89	3.90	3.87	3.73

	Dec 20	Dec 13	Dec 6	year ago (approx.)
S & P Industrial div. yield	2.90	2.90	2.92	3.19
S & P Indl. P/E ratio	14.51	14.92	14.82	12.86

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Am T & T	8,031,900	43⅜	− ⅜
Commonw'th Ed	4,041,200	36⅞	− 2⅜
Philip Morris	2,792,400	39⅞	− ¼
IBM	1,805,400	95¼	+ ½
Am Express	1,345,800	31⅝	+ ⅜
Stride-Rit	1,300,900	26⅞	+ 3⅜
Walt Disney	1,223,400	114¼	+ 2⅛
Western Union	1,220,300	1½	—
Bank of N. Eng.	1,209,300	7½	− ¼
Fannie Mae	1,122,800	34½	+ ¼

TRADING ACTIVITY

† Volume (Millions)	Dec 21	Dec 20	Dec 19
New York	176.643	176.520	186.060
Amex	13.491	12.768	12.060
NASDAQ	164.284	152.431	163.625
Issues Traded	2,008	1,985	1,992
Rises	926	763	514
Falls	619	740	1,016
Unchanged	463	482	462
New Highs	42	38	25
New Lows	69	120	146

CANADA

TORONTO	Dec 21	Dec 20	Dec 19	Dec 18	1989 HIGH	1989 LOW
Metals & Minerals	3327.91	3312.33	3303.59	3334.35	3919.2 (1/9)	3207.5 (3/1)
Composite	3942.08	3920.15	3915.80	3958.54	4037.8 (6/10)	3350.5 (6/1)
MONTREAL Portfolio	2008.54	1997.05	1995.03	2022.05	2069.68 (10/10)	1677.48 (3/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Dec. 22	Dec. 21	Dec. 20	Dec. 19	1989 HIGH	1989 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1645.4	1639.6	1638.2	1632.4	1781.8 (29/8)	1412.9 (7/4)
All Mining (1/1/80)	839.2	835.5	831.4	822.3	875.1 (29/8)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	466.59	460.48	457.00	456.75	515.09 (11/10)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6441.39	6400.32	6382.19	6363.08	6805.28 (26/9)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	358.27	356.97	355.88	357.04	360.93 (6/12)	275.49 (27/2)
FINLAND						
Unitas General (1975)	628.6	625.9	623.6	620.0	815.8 (18/4)	580.8 (29/11)
FRANCE						
CAC General (31/12/82)	548.5	547.3	538.7	538.7	561.6 (11/10)	417.9 (4/1)
Ind. Tendance (30/12/88)	128.0	127.0	125.1	124.9	128.1 (10/10)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	705.97	702.34	700.70	688.47	705.97 (22/12)	535.78 (27/2)
Commerzbank (1/12/53)	2085.0	2073.4	2067.7	2030.7	2085.0 (22/12)	1595.7 (27/2)
DAX (30/12/87)	1696.38	1676.47	1675.01	1647.50	1696.38 (22/12)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2921.02	2867.69	2868.49	2879.42	3309.64 (15/5)	2093.61 (5/6)
IRELAND						
ISEQ Overall (4/1/88)	1748.60	1746.43	1749.45	1734.09	1848.93 (10/8)	1360.64 (10/1)
ITALY						
Banca Com. Ital. (1972)	683.28	683.43	679.85	677.46	734.84 (31/8)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	38040.37	38215.48	38512.00	38439.10	38586.18 (18/12)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2810.74	2826.76	2849.17	2852.59	2884.80 (18/12)	2366.91 (6/1)
2nd Section (4/1/68)	3823.73	3837.67	3845.15	3850.48	3866.95 (18/12)	2774.38 (27/3)
NETHERLANDS						
CBS TU.Rtn Gen.(End 1983)	260.8	(u)	260.5	257.9	272.7 (21/9)	208.3 (3/1)
CBS All Shr (End 1983)	200.1	(u)	199.8	197.9	210.5 (8/9)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	671.38	669.57	671.07	671.67	695.50 (28/9)	467.17 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1074.96	1048.68	1028.10	985.66	1396.26 (20/11)	804.62 (6/2)
SINGAPORE						
Straits Times Ind. (30/12/66)	1484.57	1472.44	1459.89	1452.18	1484.57 (22/12)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	2102.04	2107.0	2122.0	2174.0	2254.0 (12/12)	1291.0 (15/2)
JSE Industrial (28/9/78)	2744.04	2748.0	2759.0	2800.0	2838.0 (25/8)	1961.0 (3/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	936.30	932.66	933.45	926.82	1007.80 (3/4)	844.75 (11/12)
SPAIN						
Madrid SE (30/12/85)	298.11	296.47	298.11	300.69	328.93 (13/9)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4149.1	4146.7	4146.7	4127.3	4660.3 (16/8)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	754.8	756.7	753.9	751.1	829.1 (6/9)	613.1 (3/1)
TAIWAN**						
Weighted Price (30/6/66)	8667.74	8516.11	8622.58	8706.24	10773.11 (25/9)	4873.01 (5/1)
THAILAND						
Bangkok SET (30/4/75)	842.54	837.22	833.88	824.94	842.54 (22/12)	386.73 (2/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	554.3	553.3	553.5	562.5 (13/12)	487.6 (13/6)

**Saturday Dec. 16: Taiwan Weighted Price: 8548.96 Korea Comp Ex. 921.87.
‡ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

Looking back at the future from the brink of the next millennium

Alison Maitland travels through time to the closing days of 1999 and considers what stock markets might look like by then

CHRISTMAS 1999. It is minus 25 degrees outside the refurbished office building in Vladivostok, where Astrid Arkhangelis, investment consultant and globetrotter extraordinaire, has just completed a week of intense negotiations.

She is in town to advise the autonomous Soviet Far East region on its fledgling stock exchange.

The location was chosen to take advantage of trade links with Japan and the north Asian trading bloc. There should be some spin-offs, too, from the offshore tax haven that the Russians have set up in the Aleutian Islands.

Astrid has an hour or so to kill before her flight home. (Thank goodness the Europeans stayed with the space plane project – Siberia is no place to start a rail journey in mid-winter, even by TGV.)

She has already spoken by pocket communicator to her husband, Marius; as managing director of a successful chain of private crèches, he has finished early for Christmas and is at home with the children, putting up the decorations.

Here they are at the brink of the 21st century. How will the markets look in 100 years, or indeed in 10? And what had people expected to happen in the decade that is now coming to an end?

Seeking inspiration, Astrid decides to flick through the predictions made at Christmas 1989. She logs on to her computer, which asks, with only a trace of a Taiwanese accent, what file she wants. "HINDSIGHT please," she replies.

Most pundits had agreed that the stock market gains of the glorious 1980s were unrepeatable. Mr Alan Butler-Henderson, global strategist at brokers W.I. Carr, said that western governments had had an easy economic run, but that the '90s would be different. Accompanying the financial deregulation of the '80s had been a worrying debt build-up.

"The probability is that in order to try to hold on to power, governments will have to give in more and more to soft options. There will be a gradual creep up of underlying inflation and a return to quite high public spending.

"Some countries may go back to budget deficits as they struggle to keep up the illusion with the public that everything is hunky-dory."

The cult of the equity would fade. Astrid nods in agreement – she is, after all, a consultant to one of only 12 remaining global securities firms.

Smaller, regional houses have survived, but competition from the big commercial banks has added to the squeeze on global aspirants at a time when institutional money has been flowing out of financial markets into pension and insurance payouts to ageing western and Japanese populations.

Not that the pharmaceutical and leisure sectors have done badly from the "greying" of society. There have been some other big investment themes over the past 10 years, too, notably in telecommunications and the environment.

But what of Tokyo and Wall Street, the leaders of the 1980s? How had their future been perceived in 1989?

There had been few doubts that Japan would become an even greater economic and financial power by the end of the decade. But there was disagreement over the implications for the market.

"I have bets out that the Nikkei average will be in excess of 131,000," Mr Butler-Henderson had commented, in a week when the index hit 38,000 for the first time.

Others, however, had seen the Nikkei peaking by the middle of the 1990s, as the huge export of Japanese money into land, companies and financial assets in the US, Asia and Europe would divert resources from the home market and cause the yen to weaken.

Ironically, they had seen Tokyo's influence on other markets increasing as it ceased to outperform. The fear of a major earthquake in Japan or a collapse in its financial markets would grow, they said, in direct proportion to the amount of money the Japanese held abroad, since those funds might suddenly be withdrawn to cope with a crisis at home.

As for the US, Mr Walter Downey of Fidelity International, the fund management group, had felt that it would suffer from an oversupply of equity and could end the decade no higher in real terms than it had started.

There would be a reversal of the situation in the 1980s, when companies disappeared in a burst of leveraged takeovers. "I think there will be an unwinding of the huge debt positions in western Europe and the US. . . The function of the market in America may be as the mechanism whereby equity replaces debt. But I don't see the fiscal incentives in place yet to encourage people to buy equities."

For the past few weeks, Astrid has been busy selling Vladivostok as the emerging market of the 21st century, with Soviet-Japanese ventures in interplanetary exploration high on the buy list among the smaller quoted companies.

Hopes at the end of the '80s were riding on rather different tigers. "If I had to put money away today and, Rip Van Winkle-style, wake up 10 years from now, I think I'd have a lot more money in India than in other places," Mr Downey had proffered.

India had the size and the market structures to succeed, and it needed to finance its industrial development. "It could be the great new economic power in that region."

Mexico had also been favoured, for its close economic relationship with North America, the stability afforded by its large neighbour to the north, and its substantial state-run sector that was seen as ripe for privatisation.

China had been a great unknown, although there were optimists around. "I think China will be westernised at some point and, with over one billion people, that could become a huge consumer society, right on the doorstep of reasonably low cost manufacturing," said Mr Ernie McKnight of Scottish Amicable Investment Management.

"There's a lot of talk that 1997 could be the demise of Hong Kong, but actually it could be its making. . . and you could see China as one of the developing markets by the end of the 1990s."

The changing face of Europe had attracted the most intense debate at the end of the '80s, but the likely impact on stock markets of the shrinking communist hegemony in the East had still been uncertain.

Mr Michael Zapf, managing director of the newly opened German subsidiary of Switzerland's Bank Julius Baer in Frankfurt, had thought the early 1990s could be good for equities. "European stocks could get scarcity value because everybody tries to play the [East European] game."

Bourses in West Germany and Italy, countries with long-standing ties with the East, should benefit most, he had thought.

But the redevelopment of Eastern Europe could eventually turn out to be a huge black hole, absorbing liquidity out of shares into the real economy and not always providing returns. "The stock markets might have several very nasty crashes," said Mr Zapf.

Mr Peter Roe, head of equity research at Nikko Securities, had envisaged markets developing rapidly in Poland, Hungary and Czechoslovakia. "They will be the Thailand and Taiwan of 1999," he said. "I'd also expect that capitalism would be beginning to be visible in Russia."

Touring Vladivostok's well-filled duty free shop for a few last-minute presents, Astrid smiles knowingly to herself. Then she stops in her tracks. She has forgotten to tell Marius to set the video for "Back to the Future." Some things, it seems, never change.

AMERICA

Holiday spirit keeps volume thin

Wall Street

THE HOLIDAY spirit hit Wall Street yesterday, and with it came light trading and little movement in the stock market, *writes Karen Zagor in New York.*

At 1.30 pm, the Dow Jones Industrial Average was up 8.32 at 2,699.45. Volume on the New York Stock Exchange was thin, with fewer than 80m shares changing hands. Advancing issues outpaced declines by a ratio of eight to five.

The debt market was shaken by an unexpected 5.1 per cent increase in durable goods order data. The reports suggested firm business spending, which should help prevent a recession, according to some analysts.

The market had been looking for an unchanged number for durable goods. At midday, the Treasury's benchmark 30-year bond was down $\frac{1}{16}$ point at $102\frac{3}{32}$, yielding 7.87 per cent. Fed Funds were trading at $8\frac{7}{16}$ per cent.

The dollar was also lower in light trading, as speculators pushed it below support levels.

Among featured stocks, Campbell Soup plunged $4⅛ to $52⅝ after rallying earlier in the week amid takeover speculation. Late on Thursday, several members of the Dorrance family, who together hold a 31.3 per cent stake in the company, said they were committed to maintaining its independence.

Meredith jumped $3 to $34⅞ after RR Donnelley and Sons agreed to acquire the company's printing business for $487.5m. RR Donnelly was up $¼ at $48¼.

Shares in seven Bell operating companies advanced yesterday morning after the Federal Communications Commission said it would adopt a plan next year to regulate the prices charged by local telephone companies, rather than the companies' profits.

Ameritech rose $1¼ to $65¾, Bell Atlantic gained $2 to $109¼, Bellsouth added $2⅛ to $57⅝, Nynex improved $2 to $90⅜, Pacific Telesis group was up $⅝ at $49⅛, Southwestern Bell climbed $1⅝ to $62⅛ and US West advanced $1⅞ to $78⅛.

General Signal fell $⅜ to $47⅞ after the company said it would sell its 50 per cent stake in its UK signalling venture.

Epsilon Data Management fell $⅜ to $6⅜ after William Burden & Co sold a 5.6 per cent block of the company's stock yesterday morning. Burden bought much of its stake in 1985 for between $15 and $16 a share.

Sun Co, which said late on Thursday that it would take a charge of $177m in the fourth quarter, fell $⅜ to $41⅛. The company also said that pre-charge fourth-quarter earnings would be down sharply from the previous year.

Canada

A SHORT session in Toronto saw share prices close mixed in moderate trading.

The composite index eased 4.89 to 3,937.19, although advances led declines by 222 to 212. Volume was 19m shares compared with Thursday's 23m in a full trading day – yesterday's session was reduced by three hours.

Rogers Communications B stock gained C$1¼ to C$109½ after the company said it had made a loss in the year to August, but noted that the period was not comparable with the previous year.

ASIA PACIFIC

Interest rate fears depress Nikkei

Tokyo

AN EARLY hint of renewed energy was soon erased by fresh fears of a possible increase in the official discount rate and share prices suffered another drop in very thin trading, *writes Michiyo Nakamoto in Tokyo.*

Turnover fell even further to a sluggish 571m shares, from Thursday's 672m, reflecting widespread unwillingness to take positions before the weekend. The Nikkei average closed at 38,040.37, a loss of 175.11 on the day and 0.6 per cent on the week. It had reached a day's high of 38,428.42 and fallen through 38,000 to a low of 37,862.62.

Declines led advances by 577 to 348 while 208 issues were unchanged. The Topix index of all listed stocks shed 16.02 to 2,810.74. In London the ISE/Nikkei 50 index was 1.02 lower at 2,105.83.

The Bank of Japan continued to express a strong desire to raise rates in spite of clear opposition from the Ministry of Finance. The newly-inaugurated Bank of Japan Governor, Mr Yasushi Mieno, said in an interview yesterday that rates needed to be raised in order to prevent inflationary pressures from worsening.

The market was thrown into further confusion by rumours that Mr Mieno would hold a press conference to announce the rate increase, an event that was subsequently ruled out by finance ministry officials.

In the uncertain environment, buying interest remained selective, with rumoured takeover targets attracting most of the attention. Honshu Paper, a leading paper company, topped the volumes list with 17.8m shares traded and gained Y70 to Y1,530 on rumours that its shares were being accumulated by a real estate group.

Iskei, a leading agricultural machinery maker, rose on expectations that it would erase its losses, gaining Y40 to Y1,090 in active trading.

In Osaka, special situations provided some sparkle, but weakness in leading issues pushed the OSE lower for a fourth session to close 61.72 down at 38,548.61. Volume fell to 61.8m shares from 76.7m on Thursday.

Roundup

RALLIES were staged and some records broken as investors remained in a positive mood.

HONG KONG advanced to its highest level since its slump in early June. The Hang Seng index gained 53.33, or 1.9 per cent, to 2,921.02 – a rise on the week of 0.8 per cent.

Sentiment was boosted by Thursday's news of a plan by Citic of China to buy a stake of 10 to 20 per cent in Hongkong Telecom, which gained 30 cents to HK$5.40. Market turnover picked up to HK$941m from Thursday's HK$694m.

KUALA LUMPUR kept its rally going, as the composite index rose 7.22, or 1.3 per cent, to another record of 558.59 on institutional and speculative buying. Promet, the most active stock, gained 10 cents, or 8.5 per cent, to 1.17 ringgit.

SINGAPORE also attracted the institutions and speculators, closing firmer in spite of late profit-taking. The Straits Times industrial index rose 12.13 to another post-crash high of 1,484.57 – 1 per cent higher over the week and only about 20 points short of its all-time high of 1,505.40 set in August 1987. Volume surged to 134m shares from 87m.

AUSTRALIA enjoyed a pre-Christmas rally on local and foreign demand, the All Ordinaries index gaining 5.9 to 1,645.5 for a rise of 1.6 per cent on the week.

Blue chip industrials, resources and banks held most interest amid optimism that local interest rates might have peaked, but turnover was thin in a shortened session.

NEW ZEALAND had a strong half-day session, with the Barclays index gaining 22.73, or 1.2 per cent, to 1,979.37 in thin trading. Elders advanced 9 cents to NZ$2.27.

EUROPE

Romanian events spur Frankfurt higher

THE OVERTHROW of President Ceausescu of Romania and the approach of Christmas provided double cause for celebration yesterday, although the cheers were mainly concentrated in West Germany and some bourses were very quiet, *writes Our Markets Staff.*

FRANKFURT welcomed events in Romania by going on a share-buying spree. The DAX index, which had been 7 or 8 points higher, shot up about 15 points immediately after news of his flight.

The DAX closed 19.91 points, or 1.2 per cent, higher at another record of 1,696.38, for a rise of 4.2 per cent over the week. The FAZ gained 3.63 to 705.97, a post-crash high and a 3.2 per cent improvement on the week, and turnover remained heavy at DM6bn, after DM6.3bn on Thursday.

Investors had interpreted events in Romania as a signal that the process of liberalisation in East Europe could not be stopped by any dictator or policy, said one observer. Frankfurt, with its connections with the east of the Continent, stood to profit most from such liberalisation: "Germany is in, and will stay in," he said.

Companies that stand to benefit from business in East Europe made big gains, but buying was widespread. Daimler surged DM22 to DM746 after a bullish study by a leading bank, while BHF Bank, which will take 15 per cent in a bank to be formed by West German and Hungarian partners, gained DM11 to DM437. VW, which signed its previously announced agreement for a joint car and van-making venture in East Germany, rose DM8.70 to DM523.20.

Salamander, the shoe maker which has joint ventures in Hungary and the Soviet Union, gained DM23 to DM527; there was talk that Deutsche Bank might take a 10 per cent stake in the company.

PARIS improved slightly on Thursday's gains, although trading was subdued as many brokers and investors left early for Christmas. The OMF 50 index was up 2.57 at 542.91, a gain of 2 per cent this week, and the CAC 40 index closed 4.54 higher at 1,981.37, or 1.6 per cent better than the previous Friday.

Paribas shares edged up FFr2 to FFr735 after the bank indicated that it intended to pursue its so far unsuccessful bid for Navigation Mixte. The latter, which has itself emerged with a stake of more than 10 per cent in Paribas, eased FFr1 to FFr1,888.

Avions Dassault climbed FFr37 to FFr540 amid speculation about an aircraft order, while Pechelbronn, the holding company, fell FFr38 to FFr712 after shareholders approved a plan to increase its defences against takeover.

MILAN finished mixed after a slight loss in early trading. The Comit index slipped 0.15 to 683.28, a 0.4 per cent rise on the week. Some stocks fell sharply: Cir, Mr Carlo De Benedetti's holding company, fell L175 to L4,960, reaching L4,880 after the close, following a court decision blocking his request for Mondadori shareholder meetings in January. Mondadori lost L750 to L39,950.

Olivetti, which has cut its profits forecast and plans to lay off 500 employees next year, dropped L140 to L7,455, falling to L7,400 in later trading. Montedison shed L65 to L2,048 and Enimont L40 to L1,626; the law to give Enimont a tax break was delayed again on Thursday.

ZURICH erased most of its early small gains to end little changed. The Crédit Suisse index eased 1.5 to 611.7, 0.5 per cent lower over the week.

AMSTERDAM saw turnover shrink further to Fl 423m but the indices crept upwards and there were a few strong blue chip gains. The CBS tendency index closed 0.7 higher at 182.6, barely changed on the week.

NatNed, the insurance group, added Fl 1.30 to Fl 73.40 following positive comments in the investment press, while Van Ommeren Ceteco, the transport and trading company, climbed Fl 2.30 to Fl 32.10 after its end-of-year statement dispelled fears of another setback in the second half.

BRUSSELS was led higher by UCB, the chemicals group, which announced a rationalisation programme to streamline its business and rose BFr350 to BFr19,350. The company also said it was selling two paper conversion plants and its interest in a polyethylene plant to West German companies for BFr3bn. The cash market index gained 41.07 to 6,441.39.

OSLO closed mixed in active trading as investors adjusted portfolios before Christmas. The all-share index dipped 0.16 points to 515.85 in trading worth NKr451m.

STOCKHOLM remained fairly firm, reflecting the spate of recent mergers and acquisitions. The Affärsvärlden General index closed just 3.1 easier at 1,218.6.

HELSINKI fell in moderately active trade, the Unitas all-share index declining 1.6 to 612.6, a fall of 0.6 per cent on the week.

SOUTH AFRICA

PRICES dipped slightly in very quiet trading prior to the Christmas holiday. The all-gold index closed at a preliminary 2,102, down 5 points.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY DECEMBER 21 1989						WEDNESDAY DECEMBER 20			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	149.62	+0.1	137.57	126.46	+0.1	5.38	149.54	136.31	126.42	160.41	128.28	144.34
Austria (19)	168.35	+2.2	154.79	151.32	+1.1	1.61	164.79	152.41	149.70	172.22	92.84	96.22
Belgium (63)	149.77	+1.1	137.70	134.25	+0.3	4.14	148.07	136.95	133.83	150.39	125.58	134.27
Canada (121)	150.89	+0.6	138.73	126.85	+0.6	3.16	149.92	138.66	126.09	154.17	124.67	124.35
Denmark (36)	232.45	+1.0	213.72	212.85	+0.1	1.48	230.24	212.95	212.55	237.06	165.35	156.21
Finland (26)	132.06	+0.6	121.42	113.55	+0.1	2.48	131.33	121.46	113.48	159.16	118.63	130.24
France (126)	151.49	+2.1	139.28	140.08	+1.3	2.66	148.43	137.28	138.30	151.49	112.57	112.04
West Germany (96)	114.93	+1.2	105.67	103.07	+0.3	2.04	113.61	105.08	102.77	114.93	79.56	87.61
Hong Kong (48)	119.28	−0.1	109.67	119.59	+0.0	4.77	119.39	110.42	119.64	140.33	86.41	109.32
Ireland (17)	176.81	+0.9	162.57	163.10	+0.1	2.67	175.27	162.11	163.01	179.42	125.00	130.52
Italy (97)	96.36	+1.1	88.60	92.51	+0.5	2.48	95.31	88.15	92.02	96.73	74.97	85.27
Japan (455)	194.17	−0.6	178.53	176.37	−0.8	0.46	195.28	180.61	177.75	200.11	164.22	187.53
Malaysia (36)	225.36	+1.3	207.21	234.43	+1.2	2.26	222.50	205.78	231.58	225.36	143.35	142.01
Mexico (13)	311.09	+0.1	286.03	909.84	+0.2	0.57	310.73	287.39	908.11	326.61	153.32	165.00
Netherland (43)	139.07	+0.8	127.86	123.71	+0.0	4.31	137.97	127.61	123.68	139.47	110.63	110.90
New Zealand (18)	71.12	−0.2	65.39	63.39	−0.1	5.58	71.24	65.89	63.42	88.18	62.64	67.06
Norway (24)	191.45	+0.6	176.03	173.20	+0.0	1.57	190.32	176.02	173.27	198.39	139.92	139.54
Singapore (26)	176.77	+0.8	162.53	154.89	+0.5	1.93	175.38	162.21	154.17	176.77	124.57	120.94
South Africa (60)	193.00	+0.2	177.45	153.68	−0.3	3.68	192.62	178.15	154.13	193.00	115.35	115.21
Spain (43)	160.85	+0.5	147.89	135.26	−0.3	3.89	160.11	148.08	135.66	169.75	143.14	147.96
Sweden (35)	184.13	+0.4	169.29	170.84	+0.1	2.01	183.36	169.59	170.67	188.94	138.45	144.16
Switzerland (62)	92.15	+1.0	84.72	88.98	+0.7	2.01	91.24	84.39	88.36	94.16	67.81	76.63
United Kingdom (308)	154.33	+0.3	141.90	141.90	−0.3	4.38	153.85	142.29	142.29	158.41	133.28	132.61
USA (544)	139.55	+0.6	128.31	139.55	+0.6	3.35	138.76	128.34	138.76	146.29	112.13	112.75
Europe (980)	137.42	+0.9	126.35	125.18	+0.2	3.37	136.25	126.02	124.95	137.42	112.63	112.96
Nordic (121)	180.03	+0.7	165.53	159.08	+0.1	1.78	178.86	165.42	158.92	181.96	137.95	138.27
Pacific Basin (668)	189.58	−0.5	174.31	172.15	−0.7	0.70	190.60	176.28	173.41	194.72	160.44	182.57
Euro−Pacific (1658)	168.85	−0.1	155.26	153.37	−0.4	1.58	168.98	156.29	154.03	170.37	141.56	154.70
North America (665)	140.13	+0.6	128.84	138.76	+0.6	3.34	139.32	128.86	137.97	148.88	112.79	113.37
Europe Ex. UK (687)	125.89	+1.2	115.75	114.94	+0.5	2.69	124.37	115.03	114.37	125.89	96.30	100.40
Pacific Ex. Japan (213)	134.57	+0.1	123.73	119.85	+0.1	4.82	134.42	124.33	119.74	140.05	111.93	123.35
World Ex. US (1852)	168.55	−0.1	154.97	152.72	−0.4	1.65	168.64	155.97	153.32	169.94	141.49	153.26
World Ex. UK (2088)	157.44	+0.1	144.76	148.89	−0.1	1.97	157.24	145.43	149.01	159.46	136.98	138.20
World Ex. So. Af. (2336)	156.92	+0.1	144.28	148.17	−0.1	2.17	156.70	144.93	148.32	158.84	136.67	137.82
World Ex. Japan (1941)	139.61	+0.7	128.37	133.70	+0.4	3.41	138.71	128.29	133.18	140.89	114.51	113.70
The World Index (2396)	157.14	+0.1	144.48	148.20	−0.1	2.18	156.92	145.13	148.35	159.01	136.68	137.68

Latest prices were unavailable for this edition.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks
No. of bargains included 5

London County 2½% Cons Stk 1920(or after) - £21 (20De89)
Greater London Council 6¾% Stk 90/92 - £87
Bristol(City of) 11¾% Red Stk 2008 - £100 (18De89)
Leeds(City of) 13½% Red Stk 2006 - £117½♦ ⅝♦
Manchester(City of) 11.5% Red Stk 2007 - £102♦

Stk 85/87 - £100♦
Barclays Bank PLC 7¼% Uns Cap Ln Stk 86/91 - £89 (15De89)
8¾% Uns Cap Ln Stk 86/93 - £84 8
12% Uns Cap Ln Stk 2010 - £102½
16% Uns Cap Ln Stk 2002/07 - £125¾ ¾ (19De89)
GPG PLC 4.2% Cum Prf £1 - 56 (15De89)
Lombard North Central PLC 5% Cum 2nd Prf £1 - 47♦
Midland Bank PLC 10¾% Subord Uns Ln Stk 93/93 - £94½
14% Subord Uns Ln Stk 2002/07 -

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Breweries and Distilleries

Registered Housing Associations

Commercial, Industrial, etc

Financial Trusts, Land, etc

Unit Trusts

Mines – Miscellaneous

Mines – South African

Oil

Property

Insurance

Investment Trusts

Plantations

Shipping

Utilities

Water Works

Miscellaneous Warrants

USM Appendix

The Third Market Appendix

Rule 535(2)

Southern Newspapers PLC Ord £1 - £3.35 3.37 3.4 3.45 (20De89)
Sun Oil Britain Ld Oil Royalty Stk Units 1p - £0.32♦
Sutton Harbour Improvement Co Ord 25p - £6 (18De89)
Transatlantic Hldgs PLC Ord 50p - £2.9 (15De89)
Pfd Ord 50p - £3.2
Weetabix Ld "A" Non.V Ord 25p - £6
Wolverhampton Racecourse Co PLC Ord 25p - £4 (18De89)
Yates Bros Wine Lodges PLC Ord 25p - £2.7 (15De89)

RULE 535 (4) (a)
Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Allstate Explorations A$.162 (18/12)
Beverly Enterprises $5.5♦ (20/12)
Boral Ord Stk A$3.7 (19/12)
Centaur Mining & Exploration A$.305 (19/12)
Charter Mining A$.171 (19/12)
City Developments S$3.541824
Cultus Resources .10♦ (19/12)
Devex A$.23 (19/12)
Gold & Mineral Exploration A$0.13 (20/12)
Harland (John H) Co $22.020176 (18/12)
Haw Par Bros Int. (Singapore Reg) S$2.85 S$2.85 (19/12)

Jardine Matheson Finance Warrants 45
Keystone International $19.773♦ (19/12)
Malaysian Plantations 22♦
Nixdorf Computers AG $183 DM319.1 26
Noranda Inc C$23.85 (20/12)
Oil Search 34 6
Oilmet 11
Overseas Chinese Banking Corp S$10.84005
Palabora Mining R55
Selangor Properties S$1.6664
Singapore Land S$13.62483
Stelco Class 'A' Conv £10.888956 (19/12)
United Overseas Land S$2.088456 S$2.04781 (18/12)
Vam A$.2 (19/12)

By Permission of the Stock Exchange Council.

LONDON STOCK EXCHANGE

Share prices enjoy pre-Christmas rise

SHARE prices in London's equity market gave a spirited performance to bring the pre-Christmas trading account to a close, moving up steadily throughout a shortened session. And contrary to tradition and expectations there was plenty of news and turnover in the market, including a brace of takeover bids.

The official close was brought forward from 5pm to 3.30pm but by then many dealers had already closed their trading books and headed home for the Christmas holiday. Turnover totalled a creditable 388.7m shares.

There was some concern at the outset following the latest half-yearly report from the Organisation for Economic Cooperation and Development. This warned that the UK will experience the slowest growth of the of the world's seven leading industrial nations over the next two years and that further tightening of credit conditions could push the economy into recession.

Account Dealing Dates

*First Dealings:	Dec 11	Dec 27	Jan 15
Option Declarations:	Dec 21	Jan 11	Jan 25
Last Dealings:	Dec 22	Jan 12	Jan 26
Account Day:	Jan 8	Jan 22	Feb 5

*New time dealings may take place from 9.00 am two business days earlier

No real selling pressure emerged in the market, however, and share prices began to edge higher after a sluggish opening. The upward trend was helped by a £20.4m-plus bid for National Telecom from France's Alcatel. Later in the day Blue Circle, given an official go-ahead to bid for Myson only on Thursday, moved quickly to bid almost £200m for the radiator and boiler manufacturer.

Confirmation that Whitbread had sold its spirits division to Allied Lyons came as no surprise to the market although the price – £545m in cash – was less than had been mooted in recent days.

TSB, the high street banking group, was active after reports that the bank may be considering a share buy-back programme. There have been persistent hints in the market during recent months that a European group may have been quietly picking up shares in TSB. The bank is protected against any potential predator taking a stake of more than 5 per cent until September 1991.

There were, however, some casualties. The ever-growing list of stocks suffering from the effects of analysts' profits downgrades lengthened yesterday to include Glynwed, the Midland-based engineering group.

The gradual improvement in the market was further emphasised when Wall Street came in showing a minor gain and UK blue chips eventually ended the session at the day's best levels. The FT-SE 100-share index settled 9.0 higher at 2,362.0, up 17.3 on the week and 9.1 higher over the account.

The water stocks were again extremely active. Although the majority showed minor falls on the day, as private investors realised some hefty profits, dealers were convinced that other sizeable shareholdings have been accumulated in many of the stocks.

FINANCIAL TIMES STOCK INDICES

	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	84.49	84.49	84.45	84.16	84.04	87.46	89.29 (8/2)	82.93 (4/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.67	92.67	92.41	92.33	92.28	95.70	99.59 (15/3)	92.02 (8/12)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1868.2	1858.8	1865.0	1852.5	1864.5	1438.2	2008.6 (5/9)	1447.8 (3/1)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	312.9	315.0	313.1	311.3	315.2	163.3	317.8 (13/12)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2362.0	2353.0	2360.7	2342.1	2358.5	1774.0	2426.0 (5/9)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.57	4.59	4.58	4.59	4.56	5.10				
Earning Yld %(full)	11.17	11.22	11.15	11.21	11.15	12.89				
P/E Ratio(Net)(☆)	10.83	10.79	10.85	10.79	10.86	9.36				
SEAQ Bargains(5pm)	22,998	33,419	35,623	32,224	26,538	10,257				
Equity Turnover(£m)†	-	833.88	1213.80	1374.66	1002.11	574.76				
Equity Bargains†	-	35,146	38,192	33,888	28,746	13,419				
Shares Traded (ml)†	-	393.6	451.7	855.4	444.9	280.5				

Basis 100 Govt Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.77

Ordinary Share Index, Hourly changes Day's High 1888.3 Day's Low 1859.7

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1859.7	1863.4	1864.8	1865.0	1868.1	1868.1	1867.7	-

FT-SE, Hourly changes Day's High 2362.0 Day's Low 2354.1

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2354.1	2357.8	2359.5	2360.0	2361.1	2361.6	2361.6	-

GILT EDGED ACTIVITY

Indices*	Dec 21	Dec 20
Gilt Edged Bargains	62.3	73.8
5–Day average	71.0	72.8

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share index. Tel. 0898 123001.

Brewers weak on spirits deal

THE LONG-AWAITED sale of Whitbread's spirits division to *Allied Lyons* left shares in both companies a little weaker. The £545m paid disappointed those who had taken seriously market suggestions earlier in *the week of a £730m price tag.*

Analysts struck a more bullish note. Ms Michelle Proud, at County NatWest WoodMac, said that Allied would be able *to make savings on the distribution* side and rationalise whisky production.

Mr Andrew Buchanan at Hoare Govett said that the deal was "a rare occasion when it is a good price for both parties." The sale gave Whitbread a debt-free balance sheet, said Mr Buchanan. He added that the company was likely to spend some of the new money money next year, probably on restaurant chains. Whitbread recently bought restaurants in the US and Australia, and the sale of the spirits division allows the company to move *into states that forbid a single* organisation both to make and sell spirits.

Both Allied and Whitbread's "A" shares closed 2 lower at *487p and 387p respectively.*

Among stores, Boots recovered 3 to 265p after recent weakness, Burton attracted buying ahead of Wednesday's xd *date, rising 5 to 205p, while* a big bed and breakfast deal in Storehouse pushed volume to *3.8m shares. The price firmed a* penny to 108p.

Among food stocks the only significant mover was Hillsdown. It recovered 8 to 275p on *thin trading after recent under*performance.

Asda once again attracted attention by virtue of a high volume, 10m shares, showing *on Seaq.* But dealers said that 3¼m of that was a bed and breakfast deal and another 1⅓m was an agency cross. Taking this into account, the volume was *unexceptional*, and the shares firmed 4 to 117p.

Midland Bank stood out among the clearers with a rise of 7 to to 385p on steady turnover of 1m. Dealers said they were buying on the belief that Midland would be picked by the press as one of the "takeover tips of 1990." The company is considered the most likely *bid* target among the clearers, largely because of a 14.9 per cent stake held by Hongkong and Shanghai Bank.

Press suggestions that TSB might try to buy back some of its own shares helped the price firm 7 to 131p. Analysts and marketmakers were sympathetic to the idea. Mr Peter Toeman at UBS Phillips & Drew said that TSB had "got much too much capital and plenty of cash to buy in *their own shares." However, he* dismissed one dealer's suggestion that TSB had already been buying in the market by pointing out that the bank would need Bank of England and shareholder permission first.

SmithKline Beecham advanced 9 to 595p on news of the £66m disposal of its house*hold products business* and the publication of details of pricing of its potential blockbuster heart drug eminase. Turnover was a slim 394,000.

Shares in Rechem, the toxic waste disposal group, continued to rise following proposals *to reduce pollution included in* the Environmental Protection Bill published by the Government *on* Wednesday. The shares gained 36 to 622p.

Profits downgradings from two brokers left shares in Glynwed International 16 lower at 252p. S G Warburg cut its full year forecast for 1989 from £100m to £90m, and from £107m to £99m for 1990. Albert E Sharp, one of Glynwed's brokers, cut expectations from £100m to £90m for 1989, and from £108m to £100m for 1990.

Shares in Myson, the radia*tors and boilers manufacturer* gained 11 to 235p as Blue Circle, the cement and home products group, relaunched its agreed 240p a share bid, following clearance *for* the bid *from* the Monopolies and Mergers Commission the previous day.

Blue Circle later confirmed it had secured 50.1 per cent of *Myson, including part of the* 9 per cent stake owned by Yale & Valor, a rival bidder. Blue Circle closed unchanged at 243p. Yale & Valor gained 6 to 309p.

National Telecommunications, rose 9 to 58p on the news of an agreed £20.4m cash offer for the company from Alcatel Business Systems, part of the Alcatel Group, which is 61 per cent owned by CGE, the French electrical engineering and communications group. The company also reported interim losses, An analyst said: "This isn't a great price but given the circumstances, it is the best price."

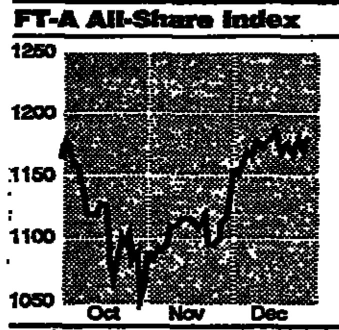
Cable and Wireless continued to benefit from the previous day's news that the company was in *talks* with an investment vehicle owned by the Chinese Government which might take a stake in *Hong Kong Telecom, 75 per* cent owned by C and W. The shares added 11 to 559p.

A buy recommendation earlier in the week helped lift Macro 4. The shares gained 15 to 283p.

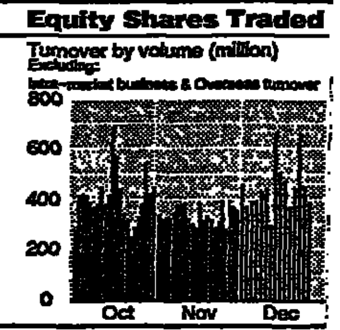
An annual meeting statement from Priest Marians said the acquisition acquisition earlier in the year of another property company, Local London, "had not proved a success." Priest Marians fell 9 to 340p.

■ Other market statistics, including the FT-Actuaries Share Index **Page 9.** Traded Options, **Page 11.** Recent issues (including water), **Page 11.**

FT-A All-Share Index



Equity Shares Traded



TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	852	195	+1	Comm. Union	803	522	+1	Lloyds Bank	1,800	437	+3	Sears	1,500	108	+1
ASDA Group	10,000	117	+4	Cookson	221	258		LASMO	60	577	-2	Sedgwick	22	310	+2
Abbey National	1,200	174	+1	Courtaulds	143	377½	+½	Lonrho	2,800	311	+9	Shell Transport	686	477½	+½
Allied-Lyons	559	487	-2	Dalgety	308	400	+1	Lucas	546	633	+14	Siebe	2	441	
Amstrad	1,500	44	+2	Dixons	851	134	+1	MB Group	96	188		Slough Ests.	94	329	-1
Argyll Group	556	208	+1	Eng. China Clays	12	430	+1	MEPC	83	533	-2	Smith (W H) A	298	315	+2
Ass. Brit. Foods	41	410	-1	Enterprise Oil	9	643	-1	Marks & Spencer	1,300	187	+1	Smith & Nephew	1,900	135½	+½
BAA	653	381	+2	FKI	478	90		Maxwell Comm.	535	235		SmKl Beecham	394	595	+9
BAT Inds.	686	824	-1	Ferranti	6,200	39½	-½	Mecca Leisure	302	164		SmKl Beecham Units	65	2815	+38
BET	159	255		Fisons	232	338	+3	Midland Bank	1,000	385	+7	Smiths Inds.	819	376	
BICC	602	458	-1	Gen. Accident	38	1305	+2	NatWest Bank	1,900	335	+3	Standard Chartd.	857	530	-5
BOC	171	652	+3	General Elect.	2,000	223	+1	Next	2,500	83		Storehouse	3,800	108	+1
BPB Inds.	82	235	+1	Glaxo	985	772	+2	Northern Foods	91	323	+1	Sun Alliance	228	333	+1
BTR	3,300	455	-3	Globe Inv	634	184½	+½	Pearl	5	588		Sun Life	0	1283	+3
Barclays	737	558	+3	Glynwed Int.	2,100	252	-16	Pearson	324	758		T&N	263	208	
Bass	389	1027	-1	Granada	880	318	+1	P & O	655	804	+10	TI Group	604	415	-3
Beazer	213	165	-½	Grand Met.	1,200	612	-½	Pilkington	159	237		TSB	4,500	131	+7
Berisford Int.	275	147	+1	GUS A	29	1081	+2	Polly Peck Intl.	675	388	-1	Tarmac	644	253	-1
Blue Arrow	1,100	83	+½	GRE	497	257	+3	Prudential	685	229	+2	Tate & Lyle	469	278	+2
Blue Circle	659	243		GKN	310	428	+1	RHM	336	421		Taylor Woodrow	19	388	
Boots	804	265	+3	Guinness	528	674		RMC	30	880		Tesco	2,700	233	
Brit. & Comm.	5,300	97		Hammerson 'A'	34	840	-1	RTZ	332	570	+3	THORN EMI	183	784	-2
Brit. Aerospace	391	983		Hanson	2,800	221		Racal	5,200	254		Trafalgar House	1,400	343	+4
British Airways	688	221	+3	Hanson Warrants	146	53		Racal Telecom	167	379	-1	Trusthouse Forte	867	299½	-½
British Gas	830	227	+1	Harrisons Cros.	387	159	+1	Rank Org.	91	636	+1	Ultramar	1,000	383	+3
British Land	253	392	-2	Hawker Sidd.	55	660	-1	Reckitt & Colman	175	1266	+1	Unigate	1,900	338	+6
BP	1,100	327	-1	Hillsdown	1,200	275	+8	Redland	188	548	+1	Unilever	670	701	+2
British Steel	2,100	131¾	+½	IMI	118	214	-3	Reed Intl.	592	440		United Biscuits	124	361	+1
British Telecom	4,800	300½	+3	ICI	606	1098	+2	Reuters	188	1007	-6	Utd. Newspapers	104	475	-1
Bunzl	535	104	+½	Inchcape	289	294	+3	Rolls Royce	736	178		Wellcome	837	762	+4
Burmah Oil	98	699		Jaguar	27	847	+1	Rothmans	184	855	+6	Whitbread 'A'	1,000	387	-2
Burton	4,100	205	+5	Kingfisher	507	295	+1	Ryl Bk Scotland	583	205	-1	Williams Hldgs.	532	258	+1
Cable & Wire.	2,400	559	+11	Ladbroke	385	330	+2	Royal Insurance	480	550	+2	Willis Faber	178	270	+1
Cadburys	3,700	339	+1	Land Securities	191	524	-1	STC	4,500	239	+3	Wimpey	65	242	
Calor Group	402	422½	-½	Laporte	40	495	+4	Saatchi	907	245	+5				
Carlton Comms.	276	825	-4	Legal & General	554	417	+3	Sainsbury	380	250					
Coats Viyella	4,800	139	+1	Lloyds Abbey	349	316	+1	Scottish & New.	180	358	-½				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (37).
BRITISH FUNDS (2) Treas 2pc IL 1990, Do. 1996, **AMERICANS (1)** FPL Grp., **BANKS (2)** HK & Shang., Union Discount. **ELECTRICALS (2)** British Telecom, Renishaw, **ENGINEERING (2) INDUSTRIALS (6) INSURANCE (3) MOTORS (1) PROPERTY (1)** Power Corp., **TRUSTS (13) OILS (1)** Total-Cie, **OVERSEAS TRADERS (1)**
NEW LOWS (25).
BRITISH FUNDS (1) Treas. 8¼pc 1987-90, **BANKS (1)** TSB Channel Islands, **BREWERS (1)** Greene King, **BUILDINGS (2)** Howard Hldgs., Try Grp., **CHEMICALS (2)** Hercules Inc., Wentworth Intl., **STORES (1)** Gabicci, **ELECTRICALS (3)** Ferranti Intl., MBS, Norsk Data 'A', **FOODS (1)** Thorntons, **INDUSTRIALS (1)** Charter Cons., **NEWSPAPERS (1)** Black (A & C) **PAPERS (1)** Tinsley Robor, **PROPERTY (3) TEXTILES (2) TRUSTS (2) MINES (1)** Colby Res., **THIRD MARKET (2)** Courtyard Leisure, Vizcaya.

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	43	28	31	339	92	79
Corps. Dom. & Foreign Bonds	9	0	32	47	15	143
Industrials	348	224	1,031	1,661	1,633	4,701
Financial and Props	167	102	423	746	696	2,002
Oils	30	19	45	119	128	223
Plantations	2	0	8	5	3	42
Mines	15	43	102	192	171	437
Others	69	68	113	304	429	510
Totals	683	484	1,785	3,413	3,167	8,137

LEADERS AND LAGGARDS

Percentage changes since December 30 1988 based on Thursday December 21 1989

Gold Mines Index	+ 94.56	Financial Group	+ 24.94
Insurance(Life)	+ 51.01	Industrial Group	+ 24.84
Health & Household Products	+ 48.22	Transport	+ 22.62
Agencies	+ 47.77	Telephone Networks	+ 21.77
Merchant Banks	+ 47.70	Food Manufacturing	+ 21.72
Motors	+ 44.05	Leisure	+ 21.37
Insurance(Composite)	+ 39.48	Overseas Traders	+ 19.42
Investment Trusts	+ 38.23	Chemicals	+ 17.39
Oil & Gas	+ 37.96	Publishing & Printing	+ 16.01
Brewers and Distillers	+ 36.89	Mechanical Engineering	+ 15.53
Other Groups	+ 30.38	Capital Goods	+ 14.91
Other Industrial Materials	+ 30.22	Electricals	+ 13.36
Banks	+ 29.93	Stores	+ 13.22
Mining Finance	+ 28.89	Building Materials	+ 12.47
Consumer Group	+ 27.33	Textiles	+ 11.41
Conglomerates	+ 27.24	Electronics	+ 5.55
All Share Index	+ 26.64	Packaging & Paper	+ 4.26
500 Share Index	+ 26.56	Metals & Metal Forming	+ 3.53
Food Retailing	+ 26.07	Property	+ 1.36
Insurance(Brokers)	+ 25.65	Contracting,Construction	- 0.49

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	104-05	-	11.66	11.99	11.83
		9.750	1/98	95-21	-2/32	10.57	10.67	10.81
		9.000	10/08	94-12	-4/32	9.65	9.70	9.84
US TREASURY *		7.875	11/99	100-13	-11/32	7.81	7.78	7.80
		8.125	8/19	102-26	-8/32	7.88	7.84	7.90
JAPAN	No 111	4.800	6/99	94.1082	-0.461	5.76	5.47	5.40
	No 2	5.700	3/07	100.2816	+0.087	5.67	5.47	5.55
GERMANY		7.000	9/99	98.7000	-	7.18	7.16	7.36
FRANCE	BTAN	8.000	10/94	93.3859	-0.099	9.77	9.52	9.63
	OAT	8.125	5/99	93.7600	-0.080	9.12	8.98	9.13
CANADA *		9.250	12/99	98.4250	-0.175	9.50	9.47	9.60
NETHERLANDS		7.250	7/99	96.5250	+0.015	7.77	7.72	7.83
AUSTRALIA		12.000	7/99	94.2438	-	13.07	13.05	13.36

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Metals rally ahead of holiday

SEASONAL CHEER came to the London Metal Exchange at the eleventh hour this week, with most contracts regaining *at least some of their earlier* losses in yesterday's shortened, pre-holiday trading session.

Only nickel continued on its downward course, with a $125 *fall yesterday taking the* decline on the week in the cash position to $625 a tonne. The lunch-time close of $8,675 a tonne was only $25 above the *21-month low reached at the* end of November and the premium over three months metal was in to $700 from $887.50 a *tonne at the end of last week*, reflecting the further easing of the technical tightness that has been propping up cash metal. But that was still much wider than the $500 backwardation (as the premium is known in the trade) ruling at the time of the November low.

Traders said the easier trend was encouraged by expectations of sizeable rise in LME nickel stocks this week, and suggested that the low could be re-tested next week.

End-of-year technical tightness helped cash copper to *stage a £32.50 rally which left it* £1.50 up on the week at £1,513 a tonne and turned a cash discount of £10 a tonne into a three months backwardation of *£14.50. At the end of last week* the cash and three months positions had been trading at parity.

Precautionary buying *prompted by the Panama situa*tion had lifted copper prices a little early in the week, but the bear trend had quickly been reasserted after the price rise *ran into chart-related resis*tance.

Cash zinc prices have been influenced recently by concern over a squeeze on supplies available for December delivery which had prompted the LME authorities to restrict the *daily backwardation to $20.* With the end of that problem in sight the cash/three months *spread on Special High Grade* Zinc had narrowed from $224 a tonne at the end of last week to $133 at Thursday's close. But *pre-holiday short-covering wid*ened it again to $176.50 yesterday as a $32.50 rise trimmed the *cash position's fall* on the week to $92.50, at $1,512.50 a tonne.

Lead, tin and aluminium prices also rose yesterday. But whereas the last two were rallying from earlier falls, lead was extending the uptrend *encouraged by continued cold* weather, particularly in the US, which has prompted hopes of increased demand for replacement car batteries. *Cash lead dipped to £427 a* tonne on Tuesday before surging forward to end the week with a £19.75 rise at £451.75 a tonne. But that still was not enough to recoup last week's £31.50 fall.

London's soft commodities markets were also generally depressed this week. Cocoa *just about held its ground but* coffee and sugar prices sustained sizeable falls.

Coffee's decline took it to fresh 14-year lows, although the March position finished a few pounds off the bottom at £648 a tonne, down £20 on the week.

News that Central American "other milds" coffee producers had agreed at a meeting in Honduras to curb exports until the end of next year had little *impact on market sentiment.* Dealers were sceptical about the scheme, under which 15 per cent of Costa Rican, El Salvadorean, Honduran, Guatemalan and Nicaraguan supplies would be held off the market until the final quarter of 1990. One described it as "rather absurd," adding that there was still a sizeable amount of coffee waiting to come onto the mar*ket, so any price advance* would be only temporary.

Sugar, the one bright spot this year for soft commodity bulls, came in for a bit of a *pounding this week. London* futures prices touched six month lows and the London daily raws price ended $19.80 down at $311.80 a tonne, nearly $70 down from the peak reached only five weeks ago.

Dealers explained that selling sparked off by downward chart signals had revealed an underlying bearish technical trend. Although raws futures had attracted good business at the reduced level they thought the downturn would continue *for a while. Strong consumer* offtake was needed to lift the market substantially, the traders said.

On the cocoa market the March position edged up to £633 a tonne at one point but ended *only* £1 up on the week at £624 a tonne.

Traders did well to ignore a *mid-week report that Nigeria* was planning to ban the exporting of raw beans from next year – it was denied the next day. And yesterday they *said it was offers of Nigerian* beans, together with some Ivory Coast selling interest, that pushed the price down £6 a tonne.

Reports of further outbreaks of Witches Broom disease in Brazil's cocoa-growing state of Bahia also failed to excite the market.

Richard Mooney

APPOINTMENTS

Royal Bank of Scotland makes promotions

■ THE ROYAL BANK OF SCOTLAND *has made the* following promotions. Mr Alfred Moon, assistant general manager, personnel, becomes general manager, consumer banking, from April 17 when Mr Ian Taylor retires; Mr Moon takes up the post of general manager, consumer banking (designate) on *January 1. Mr Neil Aiston,* assistant general manager, training and development, becomes assistant general manager, personnel, from January 1. He *is succeeded* by Mr John Cameron, at present assistant to the managing director.

■ *Following the appointment* of Mr Ian Scoggins as joint group chief executive of SD-SCICON, responsible for European operations, Mr Warren Werblow, a director, becomes directly responsible for the French and German subsidiaries, GFI and SCS. Mr Ray Waite becomes managing director, UK, responsible for the SD and Scicon subsidiaries, which are to be merged. Mr Denis Harris, formerly chief executive of SD, becomes corporate development director, responsible for the UK Government and EEC market sector. These changes are from January 1.

■ Mr F.H.L. Horner has been appointed joint chairman of C.E. HEATH, with Mr L.E. Channing becoming managing director. Mr A. Grove and Mr C.P. Sprowson have been appointed deputy managing directors. The changes are from January 1.

■ *Mr Peter Meyer* has been appointed finance director of SCHRODER INVESTMENT MANAGEMENT from January 2. He is area financial controller for Hongkong and Shanghai Banking Corporation in the UK.

■ GEA SPIRO-GILLS, Pulborough, a subsidiary of *GEA, West Germany, has* appointed Mr J.A.C. Pickford as managing director and Mr J. Marshman as financial director from January 1, *following the retirement of* Mr J.A. Gale.

■ Mr Paul Collins, chief executive of I.E.P. Securities, has been apppointed a non-executive director of MOUNT CHARLOTTE HOTELS. Mr Norbert Petersen, senior operations director, has been appointed to the board as an executive director. He is responsible for the group's 25 London hotels.

■ *R. WATSON & SONS,* consulting actuaries, Reigate, has appointed Mr R.A. Humble and Mr R.J. Squires as partners from January 1.

■ *CONRAN DESIGN GROUP* has appointed Mr Mark Landini, of Fitch RS, as creative director; and Mr Ramon Blomfield, from *Landor, as corporate* communication design director.

Mr Peter Jackson *(above)* has been appointed managing director of BRITISH SUGAR following Mr Peter Jacobs' move to chief executive of the parent company BERISFORD INTERNATIONAL. Mr Jacobs also becomes deputy chairman of British Sugar.

■ Mr Tim Hearley, chairman of CH Industrials, has been appointed non-executive director of INTERBRAND GROUP.

■ Mr Brian Phillips has been appointed managing director of AIAX (UK), a Rock *subsidiary.* He was commercial director. Mr Gerry Lakmaker has relinquished his day-to-day control of Aiax following his appointment as chief executive of Rock. He remains chairman of Aiax.

■ Mr Adrian Darling has been *appointed* group finance director of POWELL DUFFRYN from January 1. He is group financial controller.

■ Mr Henry Couldridge joins PLATFORM ACCESS FLOORING in January as marketing director.

■ Mr Christopher E.B. Fox has been appointed managing director of TOA RE-OATLEY UNDERWRITING MANAGEMENT COMPANY from January 1. He also joins the board of the Toa-Re Insurance Co (UK).

■ Mr D.L. Mawson, chairman and chief executive of Ross Catherall Group, has been appointed an executive director of VICKERS.

■ DAN-AIR has appointed Mr Kelvin V. Kellaway as managing director of the engineering division from January 15. This is a new post, and Mr Kellaway will join the board of Dan-Air Services, airline arm of Davies & Newman Holdings. He was managing director of Caledonian Airmotive, Prestwick.

■ *Mr James Murray,* managing director of the Scotland division, and Mr Keith Harris, have been appointed executive directors *of EVERED, the quarry group.* John Fyfe, Aberdeen, part of Evered, has appointed Mr Jim Reid as marketing manager for its architectural stone.

■ Mr W. Alan McClure, non-executive chairman of PTARMIGAN HOLDINGS, becomes executive chairman from January 1.

■ SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY has appointed Mr Nigel Whittingham as marketing services manager, and *Mr Mike* Craston as investment services manager. Mr Whittingham was marketing manager, Old Mutual Unit Trusts, South *Africa. Mr Craston* was with Schroder Investment Management.

Sir Brian Hayes *(above)*, former permanent secretary of the Department of Trade and Industry, has been appointed an advisory director of UNILEVER from January 1. He is *also a director of Tate and* Lyle, and of Guardian Royal Exchange.

■ Mr G.F. Page has been appointed managing director of FLIGHT REFUELLING from January 2, and a member of the group board. He succeeds Mr K.C. Saltrick who retires on December 31, but becomes a non-executive director of Flight Refuelling.

■ Mr Christopher Thomas Edge has been appointed a director of 3i GROUP.

■ Mr Brian Paul Larcombe has been appointed a director of SHIP MORTGAGE FINANCE COMPANY.

■ Mr A.R. Aveling has been appointed general manager, European division, of WESTPAC BANKING CORPORATION, London. He is general manager, retail banking, in Australia, and will succeed Mr Peter Brind who is retiring in April.

Executive directors of Anglo American Corp

■ Mr P.J.R. Leyden, Mr D. Rankin and Mr C.L. Sunter have been appointed executive directors of ANGLO AMERICAN CORPORATION from January 1.

Mr Sunter will also be appointed chairman and chief executive of the gold and uranium division from April 1, succeeding Mr E.P. Gush who is retiring from his executive posts to pursue his own interests, although he will remain on the board.

Mr J.A. Holmes, technical director of the corporation, is to be designated group technical director; Mr T.L. Pretorius will be appointed technical director mining, and deputy group technical director - both appointments from January 1. Mr L. *Hewitt* will become managing director of all the operations of the gold and uranium division from January 1.

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AUTHORISED UNIT TRUSTS

Providence Capital Fd Mgrs Ltd (1000)H

30 Uxbridge Road, London W12 8PG 01-749 9111

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
European Acc	5	139.6	139.6xd	149.5	+0.30	0.69
European Inc	5	134.1	134.1xd	143.6	+0.30	0.69
Japan Acc	5	126.2	126.2	135.2	....	0.00
Japan Inc	5	125.9	125.9	134.9	-1.60	0.00
Nth American Acc	5	67.58	67.58	71.88	-0.03	0.91
Nth American Inc	5	64.78	64.78	68.90	+0.03	0.91
UK Equity Acc	5	86.89	86.83xd	93.97	+0.91	3.59
UK Equity Inc	5	78.01	78.01xd	83.87	+1.15	3.59
Worldwide Acc	5	116.30	116.30	124.20	+0.50	0.81
Worldwide Inc	5	111.40	111.40	119.00	+0.40	0.81
UK High Inc Eq Acc	5	84.02	84.02	90.74	+1.52	6.92
UK High Inc Eq Inc	5	73.93	73.93	79.85	+0.47	6.92
Hong Kong Acc	5	45.13	45.18	48.20	+0.38	3.43
Hong Kong Inc	5	45.13	45.13	48.20	+0.32	3.43
Swiss Equities Acc	5	40.25	40.25	43.29	+0.01	0.37
Swiss Equities Inc	5	39.90	39.90	42.85	+0.01	0.37
W'wide Bond Acc	5	57.06	57.06	60.22	+0.07	6.98
W'wide Bond Inc	5	54.29	54.29	57.29	+0.05	6.98
Emerging Asia Acc	5	101.6	101.6xd	109.0	+0.10	0.00
Emerging Asia Inc	5	101.6	101.6xd	109.0	+0.10	0.00
UK Money Mkt Acc	0	51.52	51.52	51.52	+0.03	14.00
UK Money Mkt Inc	0	51.52	51.52	51.52	+0.03	14.00
Thailand Inc	5	56.62	56.62	60.64	+0.14	0.36
Thailand Acc	5	56.62	56.62	60.64	+0.14	0.36

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Wardley Unit Tst Mngrs Ltd (0900)H						
3 Harbour Exchange, London, E14 9GJ 01-455 5056						
American ◆	5¼	71.30	71.30	76.23	—	1.4
Intl Growth ◆	5¼	84.25	84.25	90.10	—	1.0
Income ◆	5¼	130.6	130.6	139.6	—	4.7
Japan Growth ◆	5¼	252.4	252.4	269.9	—	0.1
Pacific Perf ◆	5¼	166.2	166.3	177.9	—	0.1
Small Co's ◆	5¼	129.1	129.1	138.0	—	1.4
Technology	5¼	33.38	33.38	35.70	—	0.1
Australia	5¼	[illegible]	[illegible]	[illegible]	—	3.3
UK Trust ◆	5¼	177.7	177.7	190.0	—	2.6
European Growth ◆	5¼	76.36	76.36	81.66	—	0.1
Hong Kong ◆	5¼	34.99	34.99	37.42	—	1.8
Intl Income	5¼	22.40	22.40	23.95	—	7.3
S'pore & Mlysn Gth	5¼	39.45	39.61	42.37	—	0.1
British Whnrs ◆	5¼	26.24	26.24	28.06	—	1.8
Japan Smllr Cos ◆	5¼	31.25	31.39	33.58	—	0.1
Waverley Unit Tst Mngmt Ltd (1000)F						
13 Charlotte Sq, Edinburgh 031-225 1551						
Australasian Gold	6	16.20	16.20	17.23	—	0.00
Pacific Basin	6	32.08	32.08	33.06	-0.14	0.60
Can Balanced Gwth ◆	6	48.75	48.75	51.86	-0.26	0.64
Global Bnz ◆	4	0.9794	0.9824	1.0233	+0.06	7.56
Penny Share	6	28.51	28.51	30.32	+0.13	0.50
Wellington Fund Mngrs Ltd (1200)F						
2, London Bridge, SE1 01-407 4404						
Wellington Income	5¼	142.1	144.0	153.2	—	5.53
Wellington Growth	5¼	234.9	237.2	252.5	—	1.20
Wessex Asset Management (1330)F						
1 Richmond Hill, Bournemouth BH2 6HW 0202 299432						
Wessex UK Gwth	4½	111.3	115.0	119.8	+0.4	4.18
Whittingdale Unit Tst Mgmt Ltd						
2 Honey Lane, London EC2V 8BT 01-606 3132						
Challenger ◆ F	2½	62.55	62.56	64.13	-0.06	0.00
Short Dtd Gilt ◆ F	1¼	82.67	82.67	83.78	+0.06	6.44
8.5 Coupon Bond ◆ F	1¼	.5797	.5797	.5873	[illegible]	0.00
Willbox Financial Services Ltd (0905)F						
PO Box 515, 6 Broadgate, London EC2 01-588 7511						
Aust Friars W'wide	5	203.4	207.0	220.2	—	2.40
Windsor Trust Mngrs Ltd (1200)F						

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

INSURANCES

[illegible]

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	115 0	122.0	.....	–
Building Soc. Fd	178.0	188.0	.....	–
Balanced	285 0	300.0	.....	–
European	200 0	211.0	.....	–
GT Managed	188 0	198 0	.....	–
Gartmore Mngd	128 0	135 0	.....	–
German	166 0	175 0	.....	–
Gilt	174.0	184 0	.....	–
Global	49 0	52.0	.....	–
High Inc	103.0	109 0	.....	–
International Equity	201 0	212.0	.....	–
Japan	291 0	309 0	.....	–
Managed	58.0	62.0	.....	–
Property	309 0	326 0	.....	–
R. W. Imperial Gold	149 0	157.0	.....	–
UK Equity	315 0	332.0	.....	–
Pension Funds				
American	149 0	157 0	.....	–
Building Soc. Fd	183 0	193.0	.....	–
Balanced	224.0	236.0	.....	–
European	200.0	211.0	.....	–
German	146 0	154.0	.....	–
Gilt	153.0	162.0	.....	–
International Equity	144 0	152.0	.....	–
Japan	148.0	156 0	.....	–
Managed	64 0	68.0	.....	–
Property	238.0	251 0	.....	–
UK Equity	305 0	322.0	.....	–
Professional Life Assurance Co Ltd				
Frobisher Hse, Nelson Gate, Southampton. 0703 232323				
Pension Managd Fund	94.59	99.98	.....	–
Pensions Cash Fund	82.84	87.20	.....	–
Prolific Life & Pensions Ltd				
Stramongate, Kendall, Cumbria LA9 4BE 0539 733733				
Managed Fund see Balanced Growth Managed Fund				
Life Funds				
Balanced Grth Mngd	615.4	648.5	(z)	–
Adventurous Mngd	135.3	142.6	(z)	–
Secure Mngd	110.3	116.3	(z)	–
Cash Fd	243.7	256.8	(z)	–
Property Fund	300.9	317.1	(z)	–
Equity Fund	697.9	735.5	(z)	–
Fxd Int Fund	294 4	310.3	(z)	–
International	337.5	359 1	(z)	–
High Income	452.9	481.9	(z)	–
Far East	466 8	496 6	(z)	–
North American	289 8	308.3	(z)	–
Special Sits	623.2	663 0	(z)	–
Technology	258 0	274.5	(z)	–
Extra Inc Fd	276.5	294.2	(z)	–
Convertible & Gilt Fd	152.2	162.0	(z)	–
American Income	136.4	145.2	(z)	–
Gilt Fund 20	304.1	323.6	(z)	–

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Holborn Pensions Ltd—Contd.				
Guaranteed	13 81		(z)	–
International Money	212.0	223.2	(z)	–
North American	77.9	82.1	(z)	–
Japanese	163.4	172.0	(z)	–
European	115.2	121.3	(z)	–
Special Situations	112.7	118.7	(z)	–
Communications	100 6	105.9	(z)	–
Smaller Companies	105 7	111.3	(z)	–
International Small Cos.	140.3	147.7	(z)	–
Prudential Pensions Limited				
Holborn Bars, London EC1N 2NH 01-548 3281				
Discretionary Dec 20	£166 14	171.32	.....	–
Equity Dec 20	£177 37	183 61	.....	–
International Dec 20	£29.80	30.47	.....	–
Intl Bond Dec 20	£12.90	13.07	.....	–
Fixed Int Dec 20	£75.28	76.12	.....	–
Index Linked Dec 20	£65.47	66.30	.....	–
Property Dec 20	£116.68	123.55	.....	–
Cash Dec 20	£22.4210	22.4210	.....	–
Pru-Linked Retirement Plan				
Managed Dec 19	399.2	415.9	.....	–
Cash Dec 19	210 1	218 9	.....	–
Prudential Pensions Investment Account				
Pens Mngd Dec 22	159.7	171.9	-0.5	–
Pens UK Eq Dec 22	295 8	319.3	-1.2	–
Pens Intl Dec 22	204.2	219.9	-0.3	–
Pens Fixed Dec 22	172.7	182.4	+0.1	–
Pens Index Lk Dec 22	170.6	180.2	.....	–
Pens Cash Dec 22	137.1	144 4	.....	–
Regency Life Assurance Co Ltd				
Regency Hse, Lanark Sq, London E14 9XS 01-538 8800				
Aggressive Ptflio Fd	121.7	128 0	.....	–
Balanced Ptflio Fd.	318 5	335.2	-0.2	–
Cautious Ptflio Fd.	124 9	131 4	.....	–
Elite Fund	109.4	115 1	-0.2	–
European Fund	98.0	103.1	+0.8	–
Far East Fund	114.7	120.7	-1.7	–
Fixed Interest Fund	249.0	262.1	+0.4	–
International Fund	290.6	305 8	-0.7	–
Money Fund	183 7	193.3	.....	–
N. American Fd	124 8	131.3	-0.7	–
Property Fund	397 8	418 7	+0.1	–
UK Equity Fd	383.1	403.2	-0.5	–
A I M. Brewin Dlphn Fd	101.9	107.3	.....	–
Swim Select Invs	119.5	125.8	.....	–
Chart Safety First Bd	107 4	113.1	.....	–
Exec Master Fd	104 2	109.7	.....	–
Hardwick Growth Fd	113.2	119.2	.....	–
Bentley Haig LR Port	105 7	111.3	.....	–
Milbourne Spec Port	122.9	129.4	.....	–
Swim Global Fd	126 6	133.3	.....	–
Hardwick Tst Fd	75.7	79 7	.....	–

All funds have equivalent pension fund. Series 2 prices above. Others available from Regency Life.

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Rothschild Asset Management—Contd.						
OCCFL U.S.$		$15.187	15.187d		+0.08	7.91
OCCFL Yen		Y3529.37	3529.37d		+0.58	5.95
OCCFL Man £	3½	£10.438	10.438d	10.761		12.54
Daily Dealings						
Royal Bank of Canada Funds						
RBC Offshore Fund Managers Ltd						
PO Box 246, St Peter Port, Guernsey 0481 23021						
Intl Capital Fd	5	$52.75	52.75	57.37	(z)	–
Far East & Pacific Fd	5	$42.36	42.36	46.14	(z)	–
North America Fd	5	$14.20	14.20	15.30	(z)	–

		Bid Price	Offer Price	+ or -	Yield Gross
Henderson Management SA—Contd.					
	$–	5 88	4.71	+0.03	–
UK Portfolio	$–	9.93	10 49	+0.01	–
Global Portfolio	£–	9.54	10.02	+0.01	–
Fixed Int Portfolio	$–	0 8452	0 8494	+0.002	–
Dollar Liquidity P'folio	£–	1 1477	1 1507	+0.001	–
Stg Liquidity P'folio					
Ivory & Sime (Luxembourg) SA					
18 Blvd Royal, L-2449 Luxembourg 010 352 4703031					
Atlas Fund	$–	2.512	2.644	+0.02	0.4
Global Cap Portfolio	$–	2.498	2.635	+0.01	0.2
United States Portfolio	£–	1 186	1.248		1.4

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
134 3/4	124	Treas 2pc IL '90	134 3/4	+1/8	2.09	9.98
99	98	Exch 11pc 1990	99	.....	11.07	15.07
101	99	Exch. 12 1/2pc 1990	99	.....	12.57	14.62
96	91	Treas. 3pc 1990	96	+	3.09	11.79
97	95	Treas 8 1/4pc 1987-90	97	+	8.45	13.62
98	95 1/4	Treas. 8pc Cv 1990	97	+	8.23	13.57
98	96	Treas. 10pc Cv 1990	97	.....	10.30	13.84
93	87	Exch 2 1/2pc 1990	93	+	2.68	10.46
101	98	Treas 11 3/4pc 1991	98	+	11.95	10.46
93	89 3/4	Funding 5 3/4pc '87-91	93	+	6.18	11.79
90 3/4	86	Treas. 3pc 1991	90	+	3.30	10.30
100	95	Treas 10pc Cv '91	96	.....	10.41	12.94
101	96	Exch. 11pc 1991	97	.....	11.30	12.67
94	91	Treas. 8pc 1991	92	+	8.68	12.62
106	100	Treas 12 3/4pc 1992	101	.....	12.60	12.12
99	95	Treas 10pc 1992	96	-	10.41	12.10
94	90	Treas. 8pc 1992	92	.....	8.69	12.02
100	96	Treas 10 1/2pc Cv 1992	97	.....	10.78	11.77
85	82	Treas. 3pc 1992	84	.....	3.54	10.14
105	99	Exch. 12 1/4pc '92	100	-	12.19	11.83
109	103	Exch 13 1/2pc 1992	104	-	12.96	11.65
94	90	Treas 8 1/4pc 1993	91	-	9.01	11.48
100	95	Treas 10pc 1993	96	-	10.36	11.28
108	101	Treas 12 1/2pc 1993	103	-	12.11	11.39
88	84	Funding 6pc 1993	85	+	6.98	10.67
113	106	Treas 13 3/4pc 1993	107	.....	12.78	11.28
94	89	Treas. 8 1/2pc 1994	91	+	9.34	11.28
117	109	Treas 14 1/2pc 1994	111	+	13.03	11.05
113	106	Exch 13 1/2pc 1994	107	+	12.54	11.20
100	94	Treas. 10pc Ln. 1994	96	+	10.36	11.01
110	102	Exch. 12 1/2pc 1994	104	.....	11.94	11.17

Five to Fifteen Years

BRITISH FUNDS—Contd

Over Fifteen Years

1989 High	Low	Stock	Price £	+ or -	Yield Int.
103	93	Conversion 9 1/2pc 2005	96	.....	9.83
111	101	Exch. 10 1/2pc 2005	104	.....	10.05
125	114	Treas. 12 1/2pc 2003-05	117	.....	10.62
90	82	Treas. 8pc 2002-06	84	-	9.42
118	108	Treas. 11 3/4pc 2003-07	111	-	10.52
96	86	Treas 8 1/2pc 2007	90	-	9.43
134	122	Treas. 13 1/2pc '04-08	125	-	10.73
101	91	Treas. 9pc 2008	94	-	9.52
94	91	Treas. 9pc 2008 B	94	-	9.52
92	83	Treas 8pc 2009	85	-	9.31
102	91	Conv 9pc Ln 2011	94	-	9.49
68	61	Treas. 5 1/2pc 2008-12	63	-	8.64
89	80	Treas. 7 3/4pc 2012-15	82	-	9.33
132	118	Exch. 12pc '13-'17	122	-	9.81

Undated

1989 High	Low	Stock	Price £	+ or -	Yield Int.
45	40	Consols 4pc	41	.....	9.70
40	35	War Loan 3 1/2pc	36	.....	9.59
70	60	Conv. 3 1/2pc '61 Aft.	62	.....	5.64
41	31	Treas. 3pc '66 Aft.	32	.....	9.25
30	25	Consols 2 1/2pc	25	.....	9.64
29	24	Treas. 2 1/2pc	25	.....	9.78

Index-Linked

1989 High	Low	Stock (b)	Price £	+ or -	(1)
112	103	Tr. 2pc '92 (97.8)	112	+	3.01
105	94	Do. 2' 94 (102.9)	105	+	2.89
155	139	Do. 2pc '96 (67.9)	155	+	3.01
131	118	Do 2 1/2pc '01 (78.3)	131	+	3.37

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

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AMERICANS—Contd

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
15¾	847p	Hasbro Inc 50c	11½	–⅛	16c	–	0.9
57½	32¾	Honeywell $1½	51¼	–¼	$2.75	–	3.4
22⅝	15¼	Houston Inds	21¾	–¼	$2.96	–	8.6
76	58¼	IBM Corpn $1¼	58¾	+⅛	$4.84	–	5.2
60p	45p	Heritage Storage/R.Sys.1c	50p	.....	–	–	–
32¼	18¾	Ingersoll-Rand $2	28	–⅛	$1.20	–	2.6
33¼	22½	Lockheed Crpn. $1	24¼	–¼	$1.80	–	4.7
22⅝	10	Lone Star Inds $1	10	+¼	$1.90	–	11.5
27¾	17½	Louisiana Land 15c	26¾	–⅛	$1.00	–	2.4
20½	11½	Lowe's 50c	18¼	+⅛	48c	–	1.7
28	15	Manuf. Hanover $1	20¾	.....	$3.28	–	9.9
22⅝	13	Merrill Lynch $1	15¼	–⅛	$1.00	–	4.1
24¾	19⅛	Molex Inc	22	.....	3.2c	–	–
30⅜	18¼	Morgan (JP) $2½	25	+⅛	$1.66	–	4.1
28	24⅛	Morris (Philip)	24	–⅛	$1.13	–	2.9
55¼	36¾	NYNEX $1	54⅞	–⅛	$4.36	–	5.0
44p	16p	N'wide Legal Serv.	19p	.....	–	–	–
24⅞	18¼	PHH Corp.	20⅞	–1	$1.16	–	3.5
259p	167p	Pacific Agr.	186p	.....	–	–	–
28⅝	19	Pacificorp $3¼	28¼	+⅛	$2.76	–	5.9
31½	16⅞	Pacific Telesis 10c	30⅛	+⅛	$1.88	–	3.9
22⅞	15¼	Pall Corp. 25c	20⅛	+⅛	48c	–	1.5
55⅜	39	Pennzoil 83 1/3c	54¼	+⅛	$3.00	–	3.5
42¼	28¾	Quaker Oats $5	35¼	+⅛	$1.40	–	2.5
32⅜	23½	Rep NY Corpn $5	31	–⅛	$1.28	–	2.6
16¼	11	Rockwell Intl. $1	13⅛	–⅛	78c	–	3.7
29½	22	Sears, Roebuck 75c	22¼	.....	$2.00	–	5.6
37¾	21⅛	Southwestern Bell $1	37½	+⅛	$2.60	–	4.4
27⅞	17	Sun Co. Inc. $1	25	–⅛	$1.80	–	4.4
31¼	22	TRW Inc. 62½c	29	–⅛	$1.72	–	3.6
24⅞	14⅛	TW Services $5	21⅛	.....	–	–	–
40	26¼	Tenneco $5	37⅛	–⅛	$3.04	–	5.1
35	28	Texaco $6.25	35¼	.....	$3.00	–	5.4
28	18	Texas Instr. $1	21¼	–⅛	72c	–	2.1
117	58⅝	Time Inc. $1	81¼	–⅛	$1.00	–	0.8
19⅜	13	TRINOVA Corp	14⅛	–⅛	56c	–	2.9
26⅝	16	USX $1	21⅞	+⅛	$1.40	–	4.0
325p	126p	Unilab	325p	.....	–	–	–
36⅜	22¼	Utd. Technologies	32¼	–⅛	$1.60	–	3.2
168p	121p	Utilitech Inc	149p	.....	–	–	–
48¼	31½	US West	47½	+⅛	$3.76	–	5.0
22⅛	11	Waste Management $1	20½	–⅛	30c	–	0.9
20½	13½	Whirlpool $1	19¼	–⅛	$1.10	–	3.6
24⅛	16	Whitman Corp.	17⅛	–⅛	$1.02	–	3.7
46⅝	28¼	Woolworth $3½	38⅝	.....	$1.88	–	3.1

CANADIANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
186p	129p	ABM Gold Corp	153p	–8	–	–	–
26p	4½p	Abbot Energy Corp.	25p	–½	–	–	–
10⅝	401p	Amer. Barrick Res.	10¼	–¼	–	–	–
39¼p	10½p	Armeno	20½p	+1½	–	–	–
33¼p	8p	Assemitto Expln.	9½p	–½	–	–	–
19⅛	12⅞	Bk. Montreal	17¼	+⅛	$2.12	–	6.7
10⅛	655p	Bk. Nova Scot.	853p	+2	92c	–	5.9
831p	599p	BC Gas $1	806p	–10	60c	–	4.0
24¼	17	BCE	23⅛	.....	$2.44	–	5.6
17	12¼	Brascan	14½	+⅛	88c	–	3.3
228p	108p	Breakwater Res.	144p	–4	10c	–	3.8
18¼	11¼	Can. Imp Bank	16⅞	.....	$1.24	–	4.0
15¼	997p	Can. Pacific	13⅞	.....	92c	–	3.7
[illegible]							

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

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LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING — Contd

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND — Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

For Water Issues see London Recent Equities

OIL AND GAS

[illegible]

OIL AND GAS — Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES — Contd

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
◆ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially listed.
# Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
◆ Merger bid or reorganisation in progress
♣ Not comparable
♠ Same interim; reduced final and/or reduced earnings indicated
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... γ	88	......
Craig & Rose £1.. γ	838	......
Finlay Pkg. 5p.... γ	68	-1
Holt (Jos) 25p.... γ	1353	......

IRISH

Cap. 8½% Ln. 1991...	£97	......
9pc Cap Ln. 1996..	£96½	......
Fin. 13% 97/02...	£116	......
Arnotts	480	......
Carrol (P.J.).... γ	153	......
Hall (R. & H.).....	195	......
Helton Hldgs...... γ	94	......
IRG.........	215	......
United Drug.......	143	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	41
Amstrad	6½
Astec (BSR)	5¼
BAT	67
BOC Grp	44
BTR	37
Barclays	40
Blue Circle	20
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit. Telecom	22
Cadburys	31
Charter Cons.	42
Comm Union	40
Courtaulds	31
Eurotunnel	65
FKI	8
FNFC	22
Gen Accident	92
GEC	19
Glaxo	60
Grand Met	44
Guardian	19
GKN	33
Hanson	18
Hawker Siddl.	55
ICI	90
Jaguar	85
Ladbroke	25
Legal & Gen	31
Lex Service	26
Lloyds Bank	31
Lucas Inds.	54
Marks & Spencer	16
Midland Bk	26
Morgan Grenfell	38
Nat West Bk	23
P & O Dfd	51
Polly Peck	38
Racal Elect	28
RHM	39
Rank Org Ord	72
Reed Intnl	34
STC	25
Sears	9
SmKl. Beecham A	48
TI	38
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	55

Property

Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Brit Petroleum	25
Burmah Oil	68
Charterhall	2½
Conroy Petlm.	9
Premier	10½
Shell	37
Tuskar Res	12
Ultramar	28½

Mines

Lonrho	23
RTZ	45

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FINANCIAL TIMES
Weekend December 23/December 24 1989

US admits strong Panama resistance

By Peter Riddell in Washington and Tim Coone in Panama

THE US admitted that it could take months to assert control over Panama as widespread fighting continued yesterday with American forces seeking to subdue troops loyal to General Manuel Antoni Noriega, who is still free.

US military commanders admitted yesterday that the paramilitary Dignity Battalions loyal to Gen Noriega had put up stiffer resistance than expected.

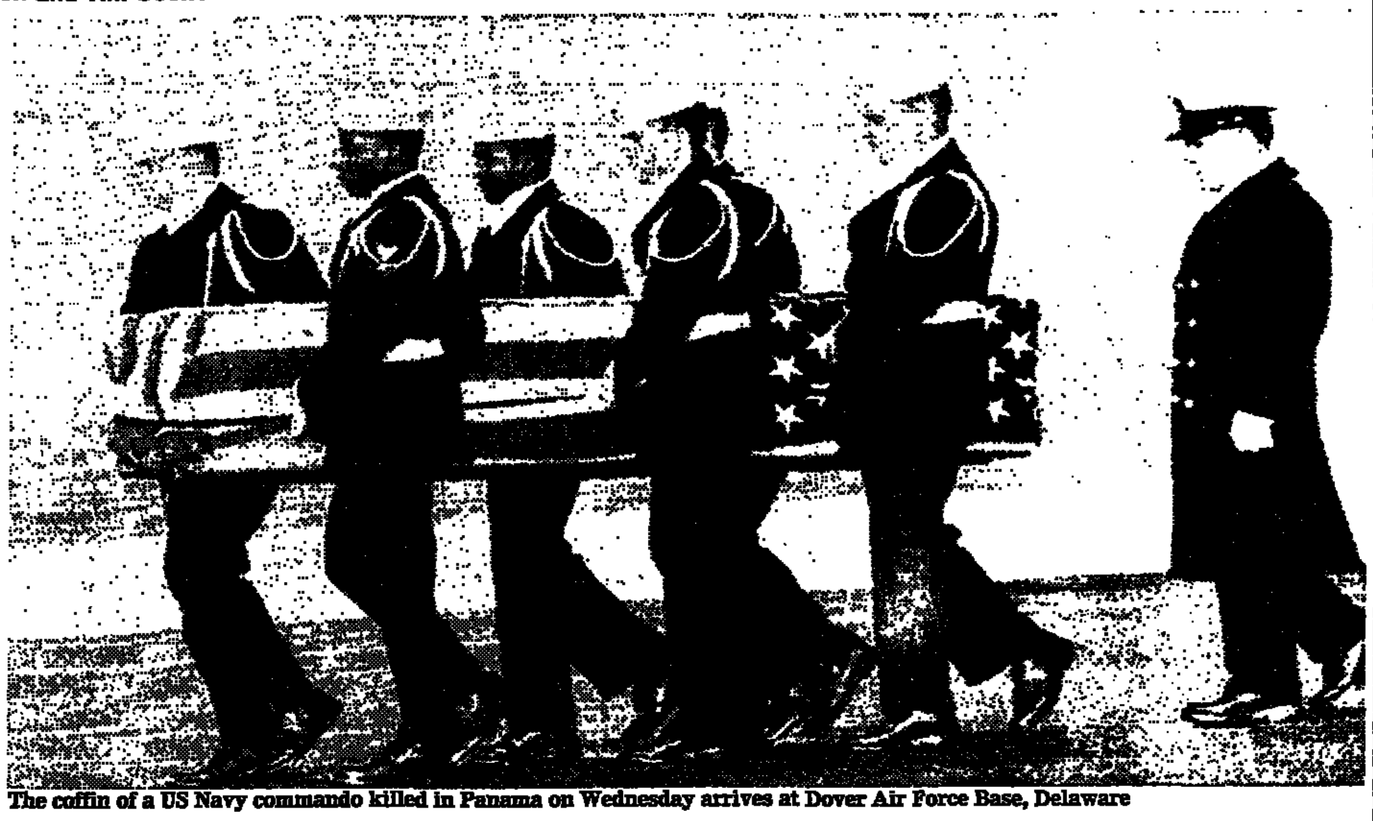
The lack of results and the growing number of US casualties yesterday began to dampen the initial euphoria in the US over the operation launched by President George Bush early on Wednesday.

The latest US casualty count was 20 American servicemen dead, 202 wounded and another two missing. US Southern Command estimates that 122 members of the Panamanian Defence Force have been killed and 60 wounded. The count of wounded was based on those admitted to US military hospitals, and there was no reliable figure for civilian dead and wounded.

General Tom Kelly, the US Army deputy Chief-of-Staff, said that mopping-up operations in the Panama city could last five to 10 days. He said American troops were going door by door through the old part of the city and had found thousands of weapons.

The US has captured nearly 1,500 members of the Panamanian Defence Force, 9,300 weapons, 25 planes, 16 armoured cars and five patrol boats. They have made no comment on the whereabouts of the bulk of the 15,000 strong Defence Forces believed still loyal to Gen Noriega.

The heaviest fighting yesterday was in Colon, the second main population centre, but there was also bombing by US aircraft of San Miguelito, a working class suburb of the capital. Gen Noriega, the Panamian dictator wanted by the US on drugs charges, continued to elude the 9,500 US forces sent in to bolster the 13,000 already stationed there which have become increasingly bogged down.



The coffin of a US Navy commando killed in Panama on Wednesday arrives at Dover Air Force Base, Delaware

More than two days after the Pentagon claimed to have ended "organised resistance," the headquarters of the US military command at Quarry Heights on the outskirts of Panama City came under mortar fire. Reports described the hour-long attack as heavy and said "military officials huddled with journalists under tables as the building they were in shook." Snipers were also reported and "the sound of helicopters and machine-gun fire could be heard overhead."

More than a thousand US military police and the 82nd Airborne Division were ordered into the streets of Panama City after two days of loot*ing and disorder left shop* windows smashed and most businesses not working. Eyewitnesses said the capital looked as if it had been hit by a hurricane.

Meanwhile, President Guillermo Endara, installed as president at a US military base before the invasion, set a one-month target for the departure of the invasion forces.

So far only the US, Britain, Luxembourg and Domenica have recognised the new government, and the Organisation of American States voted, with only the US against, that it deeply regretted the military action.

The White House yesterday *attempted to convey the* impression of normal working as President Bush left, as planned, for his Christmas holiday at Camp David. He will visit the US wounded in Texas towards the end of next week.

While Mr Bush's actions still enjoy majority political and public support in the US, there was an undercurrent of concern about the length of the American military involvement. Mr Bush may come under more pressure in the New Year unless the level of fighting has been reduced substantially and the Endara Government has shown signs of establishing its authority.

Mr Bush yesterday formally *notified Congress of his rea*sons for ordering the attack, saying that the lives and welfare of US citizens had been "increasingly at risk."

He said that while "most organised opposition has ceased, it is not possible at this time to predict the precise scope and duration of the military operations or how long the temporary increases of US forces in Panama will be required."

Steel purchase referred to monopolies board

By Nick Garnett

BRITISH STEEL'S proposed acquisition of C. Walker, the UK's biggest steel stockholder and distributor, is being referred to the Monopolies and Mergers Commission.

Mr Nicholas Ridley, Trade and Industry Secretary, announcing the referral yesterday, said there were possible effects on competition in the UK stockholding market which deserved investigation. The decision followed a recommendation by the Director General of Fair Trading.

The proposed £330m purchase, announced in October, would have given British Steel about 35 per cent of the total UK stockholding market compared with its existing 15 per cent. For some products, it would have more than a half of the market.

The acquisition of C. Walker, which is run by two brothers, Jack and Fred Walker, from headquarters in Blackburn, Lancashire, would be the largest sale of a privately owned company in Britain and the biggest purchase by British Steel since its privatisation at the end of 1988.

When the acquisition was announced, Britain's biggest steelmaker was confident that there would be no serious objections to the move. It said yesterday: "We are disappointed by the Secretary of State's decision, since we believed, in the circumstances, that a reference to the MMC would be inappropriate."

It seems likely, however, that the deal could still go ahead, although with some modifications. The European Commission under the Treaty of Paris is also investigating the deal and there are indications that the Commission will not object.

Mr Ridley said the predominant responsibility for the merger rested with the Commission but that some competition concerns were not covered by the Paris Treaty.

He had the powers "to require undertakings regarding conduct, and also possibly regarding divestment, if the MMC finds that the merger may be expected to operate against the public interest." The MMC is being asked to report by April 9.

The Office of Fair Trading was worried by two things. One was the strong stockholding overlap in some products between the two companies.

Secondly, the OFT was concerned about the creation of a large vertically integrated structure making steel, with a large stockholding interest.

The decision to buy C. Walker, which made a pre-tax profit of £48.4m on sales of £624m for the year to June, was partly a defensive move by British Steel to stop any continental European steelmaker from encroaching further into the UK market.

Other stockholders were speculating yesterday whether the referral might work to British Steel's advantage.

The industry believes British *Steel's agreed offer was too* high, that Walker's financial performance is weakening as the market weakens, and that British Steel might be able to renegotiate the deal.

THE LEX COLUMN

Metal bashing from the OFT

No doubt Sir Robert Scholey would like us all to think how flabbergasted he is by the OFT's anxieties over his bid for the Walker steel stockholding *fiefdom*. But British Steel's attempt to buy its largest customer and give itself a dominant market share has always smelt distinctly anti-competitive. True, the combined British Steel/Walker concern would only have about 38 per cent of UK stockholding market overall. But it would have something of a stranglehold in business sectors such as tubing; and customers, in construction especially, have every right to cut up rough.

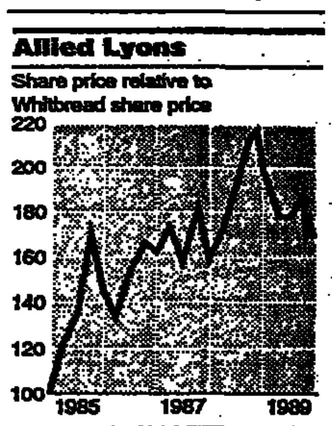
Nor has the purchase ever seemed unequivocally good value for British Steel's shareholders. One takes British Steel's point that it wants to catch up with Continental steel rivals, such as Usinor-Sacilor, which have much larger slices of domestic stockholding. It is true, *too*, that Usinor and Japan's Mitsui, to quote the best-known cases, have been *nibbling away at the UK's* stockholding market; and there is a good case for saying that British Steel's bid for Walker is a vital defensive move. Imagine British Steel's plight if the Walker brothers had sold their 22 per cent or so of UK stockholding to West Germany's Thyssen. But all that said, the £330m British Steel has agreed to pay for Walker looks a rich price for a mature business which made only £48m before tax last year and is now headed into a cyclical downturn.

So what should the MMC do? Primary authority over the takeover rests with Brussels, which does not seem likely to block it outright, given the French and German tolerance of close manufacturer/stockholder ties. Yet if we are to be stuck with a Walker/British Steel *marriage, some careful* pre-nuptial conditions are the least consumers should ask for.

FT Index rose 9.4 to 1,888.2

Allied Lyons

Share price relative to Whitbread share price



It is a rather silly decision, which will almost certainly work against the consumer in the long run.

Credit cards

Whatever one thinks of Mr Nicholas Ridley, the UK Trade and Industry Secretary, one cannot accuse him of abandoning his free market principles at the first whiff of opposition. First, he waived Jaguar's golden share so that Britain's proudest motor company could be snapped up by the Americans. Now he has come down *against the High Street banks* and said that retailers can charge more for credit cards than cash.

Not so very long ago, before the Great Consumer Revolt, the big banks worked as a cosy cartel. Profits were of *only* marginal importance, markets were protected and customers benefited from huge, *hidden* cross-subsidies. Times have changed. Maximising profits is now the order of the day, and while the banks may be disappointed at the ending of the "no discrimination" rule, it is not going to damage their long-term profitability.

The cost of handling cash is little different from credit card transactions; and while the customer may enjoy a discount, the retailers will find their cash handling costs will begin to rise. Aside from areas like petrol retailing, discounting is unlikely to be widespread; and if it encourages the spread of direct debit cards the banks will have benefited.

Allied/Whitbread

The handsome price of £545m which Whitbread is get*ting for its drinks division* suggests that the whole sector is scarcely overvalued, despite having outperformed the market by 7 per cent in the past six months. The Whitbread wines and spirits portfolio, decent enough but not in the top division, is fetching some 23 times current year earnings. Guinness, almost 80 per cent of whose earnings come from one of the best wines and spirits businesses in the world, sells on a multiple of only 14.

The benefits for Whitbread consist principally of selling a *business accounting for under* 10 per cent of its profits at a price equal to a third of its market capitalisation. This goes some way to answering those who claim that the group's undemocratic share structure denies shareholders a proper return on their assets. *It also leaves the group with* over £500m of net cash with which to pursue its ambitions in the restaurant trade in the UK, Europe and North America.

The obvious question for Allied is whether an open auction against its international rivals has induced it to pay too much. There must be some dilution in the first year – though probably less than 5 per cent – and gearing including the Dunkin' Donuts acquisition will be pushed up to 80 per cent. On the other hand, the various disposals already announced could bring in, by County NatWest's estimate, three quarters of the Whitbread sale price.

Given Allied's link with Suntory in the all-important Far Eastern market, it seems wholly sensible to push ahead with its ambitions in international drinks. Some of its rivals *query whether it is wise to rely* for its Japanese distribution on a local competitor. But that is another story, and doubtless sour grapes anyway.

Company names

The announcement that Knobs & Knockers is changing its name to Prior plc is another victory for the advocates of dull conformity in corporate nomenclature. One by one the initiallers have triumphed over the likes of Rio Tinto Zinc and British Plaster Board. Presumably such changes are made with the aim of currying stock market favour; but a cursory look at the best performing shares of the 1980s reveals such old-fashioned monikers as Baggeridge Brick, Macallan-Glenlivet, Polly Peck and Photo-Me International. There is scarcely an acronym among the leaders.

The fund manager of Euphony Investments, who at the start of this year picked out a balanced portfolio consisting of Stavert Zigomala, Clyde Blowers, High Gosforth Park, Flexello Castors & Wheels and the Southampton, Isle of Wight and South of England Royal Mail Steam Packet Company would have earned a capital return of 35.2 per cent, well ahead of the All-Share. To be sure, there are bad performers whose names roll off the tongue – Kalama*zoo is down 25 per cent on the* year – but a multiplicity of syllables need not mean a deficiency in profits.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)				PARIS (FFrs)			
Rises				**Rises**			
Badenwerk	232	+	9	Afrique Occiden	712	+	38
Hochtief	980	+	15	Fromageries	2670	+	20
Lahmeyer	898	+	28	Vallourec	495	+	12
Siemens	678	+	12.2	**Falls**			
Falls				Cetelem	623	–	16
Beiersdorf	675	–	12	Eurafrance	2640	–	10
Dockel	251	–	7	GTM-Entrepose	1192	–	11
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
AT & T	44⅜	+	⅞	Kyosan Cable	2550	+	400
IBM	95⅜	+	¼	Nichibei Fuji	944	+	78
Meredith	34⅞	+	3	Teaac	1390	+	120
Philip Morris	40	+	¼	Tokyo Drop	1480	+	200
Falls				**Falls**			
Campbell Soup	52⅝	–	4⅛	Sanyo Inds	1540	–	110
Epsilon Data	6¼	–	¾	Toyo Radiator	1510	–	130
New York prices at 12.30							
LONDON (Pence)							
Rises							
ASDA	117	+	4	Myson	235	+	11
Cable & Wire	559	+	11	Nat Telecom	58	+	9
Connell	200	+	35	Rechem Env	624	+	36
Lonrho	311	+	9	Smithkln Bchm	595	+	9
Lucas	633	+	14	TSB	131	+	7
Macro 4	283	+	25	**Falls**			
				Glynwed	252	–	16

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	22	72	Dallas †	C	-14	7	Madeira	F	18	64	Prague	S	11	52
Algiers	S	23	73	Dublin	C	5	41	Madrid		–	–	Reykjavik	F	-1	30
Amsterdam	C	11	52	Dubrovnik	F	15	59	Majorca		–	–	Rhodes	S	18	64
Athens	S	16	61	Edinburgh	S	5	41	Malaga		–	–	Rio de Janeiro		–	–
Bahrain	S	18	64	Faro	S	17	63	Malta	S	18	64	Rome	S	16	61
Barcelona		–	–	Florence	F	16	61	Manchester	F	7	45	Salzburg	S	13	55
Belfast	R	5	41	Frankfurt	R	11	52	Melbourne	C	17	63	S'Francisco †	C	7	45
Belgrade	S	16	61	Geneva	R	9	48	Mexico City		–	–	Santiago		–	–
Berlin	C	11	52	Gibraltar	F	16	61	Miami †	C	17	63	Seoul	S	3	37
Biarritz	R	11	52	Glasgow	R	5	41	Milan	Dr	7	45	Singapore	F	31	88
Birmingham	S	7	45	Guernsey	S	9	48	Montreal		–	–	Stockholm	F	-2	28
Blackpool	F	8	46	Helsinki	C	1	34	Moscow	C	-1	30	Strasbourg	C	11	52
Bombay	S	30	86	Hong Kong	C	20	68	Munich	S	12	54	Sydney	C	20	68
Bordeaux	F	12	54	Innsbruck	S	15	59	Nairobi	C	25	77	Tangier	F	18	64
Boulogne	F	10	50	Inverness	C	5	41	Naples	F	15	59	Tel Aviv	C	18	64
Bristol	S	8	46	Isle of Man	C	7	45	Nassau		–	–	Tenerife		–	–
Brussels	R	9	48	Istanbul	S	11	52	Newcastle	S	6	43	Tokyo	C	11	52
Buenos Aires		–	–	Jersey	F	10	50	New Delhi	S	18	64	Toronto †	S	-24	-11
Budapest	F	12	54	Johannesburg	S	27	81	New York †	S	-13	9	Tunis	S	23	73
Cairo	S	20	68	Las Palmas		–	–	Nice	C	14	57	Valencia		–	–
Cape Town	S	24	75	Leeds	R	7	45	Nicosia	S	19	66	Venice	C	9	48
Cardiff	S	9	48	Lisbon	F	15	59	Oporto	R	13	55	Vienna	C	6	43
Chicago †	S	-24	-11	Locarno	R	7	45	Oslo	Sn	-1	30	Warsaw	F	11	52
Cologne	R	10	50	London	S	9	48	Paris	R	11	52	Washington †	S	-15	5
Copenhagen	C	7	45	Los Angeles †	S	9	48	Peking	S	1	34	Wellington		–	–
Corfu	F	16	61	Luxembourg	R	9	48	Perth	F	22	72	Zurich	Fg	8	46

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Tin creditors' £182.5m accord

By Kenneth Gooding, Mining Correspondent

THE BITTER, four-year dispute which followed the 1985 collapse of the International Tin Council's price support scheme ended yesterday with a compromise worth £182.5m.

Creditors claimed they were owed £513m. They will be paid the reduced sum on March 30 and in return will drop all claims against the 22 countries backing the ITC.

It is understood that Japan and the UK, the two biggest contributors to the settlement sum, will pay more than their fair share: Japan will contribute about £40m and the UK £30m, Malaysia about £23m, West Germany about £17m and Thailand £8.3m.

One of the most unsavoury episodes in the history of world commodity markets started in October 1985 when the ITC ran out of funds to support the tin market. This caused a collapse in the metal's price which left brokers and banks with huge losses. The immediate brunt was borne by the London Metal Exchange which at one point was nearly overwhelmed by the default.

With 72,000 tonnes in the ITC's tin stocks overhanging the market, prices remained depressed for three years. Many higher-cost mining companies, particularly in Bolivia and Malaysia, closed, with a devastating impact on employment and balance of payments.

The 36 creditors – including 13 banks, 14 London Metal Exchange brokers and two Malaysian smelters – tried to put together a rescue package with the governments involved, but Thailand and Indonesia were unwilling to contribute and these efforts ended in March 1986.

Creditors then resorted to the courts with little success. The ITC countries did not deny they were in default, they simply argued they could not be compelled to pay.

This assertion was upheld by the UK courts, but the attitude of the countries was roundly condemned by some judges.

Week in the markets, Page 15

Ceausescu toppled

Continued from Page 1

that the army could finish off its operations.

Bucharest radio asked people in front of the Bucharest television headquarters to disperse so that the "army could deal with the remnants of terrorist groups."

The official Soviet news agency Tass earlier reported that people had set up barricades and placed concrete blocks on streets surrounding the television centre to prevent troops loyal to Ceausescu seiz*ing the building*. "The leaders of the (military) headquarters have repeatedly appealed to the people *to* go to the city's defence," it said.

Mr Ceausescu's whereabouts remained uncertain in the chaos that surrounded his downfall. He was reported to have fled the capital, first by helicopter and then by car. Early reports said he was arrested, escaped, and was then rearrested. However, late last night, Bucharest television reported that the Ceausescus had both left the country.

The Government's rapid collapse left little hint of what would follow. The official news agency Agerpres reported that a self-styled National Democracy Committee had been formed to organise free elections

Agerpres said members of the committee appeared on a balcony of the Communist Party Central Committee building in the city centre to announce the programme but its membership remained a mystery. In the turmoil of Bucharest, it seemed unlikely *that anyone could realistically* claim to be in control.

Allied and Whitbread

Continued from Page 1

bring significant benefits to both sides.

Mr Richard Martin, Allied's chief executive, said: "We are absolutely delighted. The acquisition gives us a stronger, well-balanced portfolio in line with our strategy of developing further as a major international branded business."

Beefeater gin, with strong positions in the *US, Canada*, Spain and the worldwide duty-free market, would fill a gap in the Hiram Walker-Allied Vintner's range. Long John, the fourth largest selling Scotch whisky in Continental Europe, would reinforce Allied's Ballantine's and Teacher's brands; and Laphroaig would put it in the malt whisky market with a fast-growing, premium-priced product.

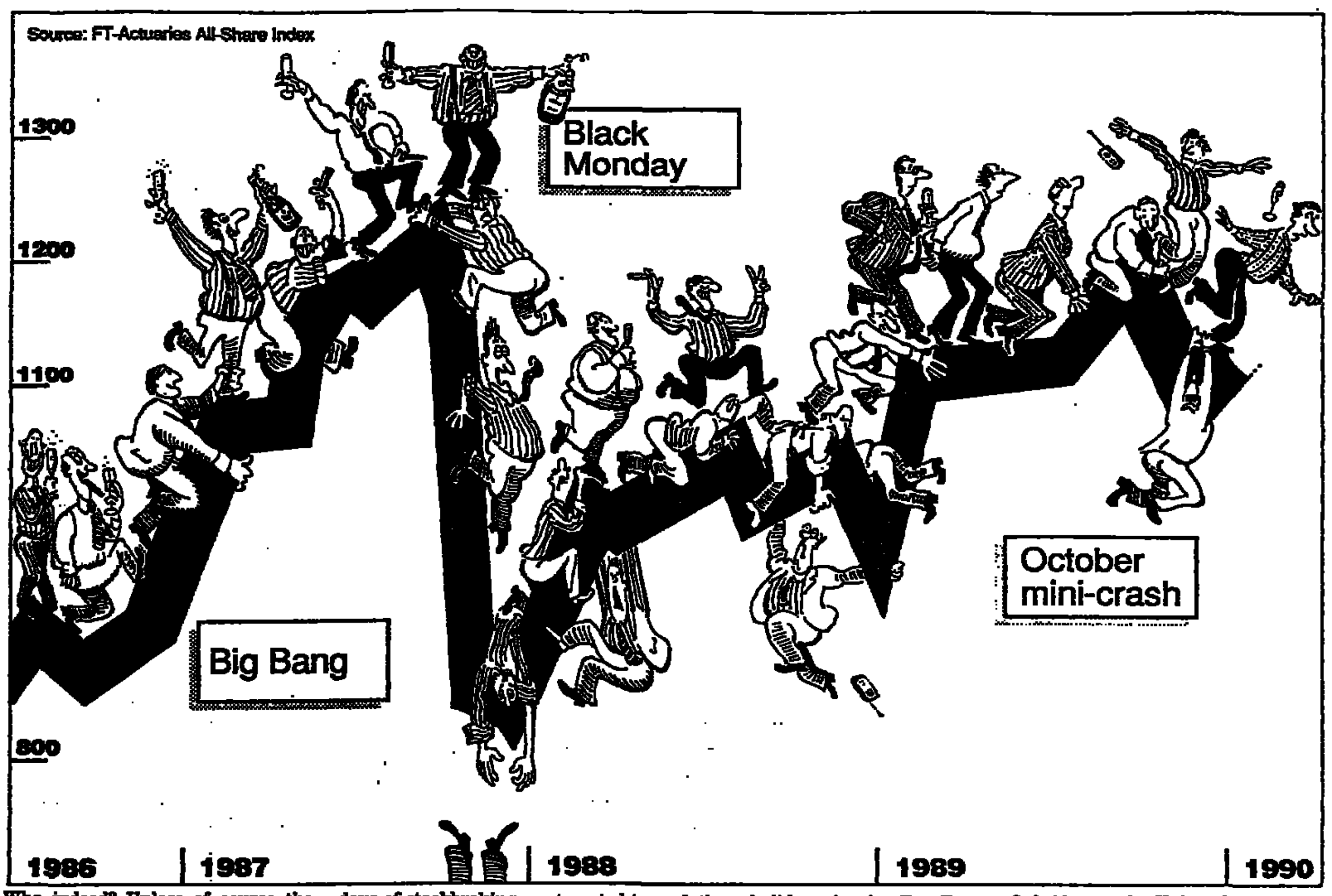
Allied would gain additional production facilities and *whisky stocks, Mr Martin said*. The deal would also strengthen the group's trading links with Suntory of Japan and others.

Whitbread, which acquired John Burrough only two years ago for £174.5m, decided to sell its spirits division after a strategic review of its business concluded in October that it was not big enough to compete internationally.

Allied, which will finance the deal through existing bank facilities, will acquire the *spirits businesses free of debt* – some £29m of the £545m will be used to pay off external borrowings.

Ghost at the City's Christmas feast

After Big Bang and the Crash bull market babies are waiting for the Wallop, says ***Christian Tyler***



HE DYED his hair with henna and did not own a suit. He had a degree in English from Birmingham and was getting £9,000 for writing scoops about electronics companies. So they took him to lunch at the Savoy, offered him £25,000 a year – OK, £30,000 – and promised to make him a superstar analyst, the biggest in his field in the City.

In the office they nicknamed him Boy George and did not care about his orange hair because, like a good reporter, he dug deep. He "called" a glamour stock and was ridiculed by the Establishment brokers for it. But he was right and they were wrong. He was interviewed on television and asked whether a certain industry wizard could walk on water. "The last person to do that was crucified," was the Boy's verdict. He was terrific at the microphone when the firm's equity salesmen tuned in for their morning story and pep talk. They raised his salary to £41,000.

Boy George bought a big BMW and discovered something called champagne. He got drunk every Friday on Veuve Cliquot or Pol Roger. The firm was bought by an American bank and everybody moved from a Dickensian office where one overhead screen served the whole floor to a huge dealing room where you had three screens apiece. A lot of lanky public schoolboys turned up with the gilts brokerage acquired at the same time. They looked down their noses at Boy George. But Boy George was looking happily at the screen, where his morning story was being turned into frantic price changes. "It was a bigger sensation than any scoop," he says now. "Like putting your foot down in a Porsche."

And that is how, way back in 1986 when the world was young, Boy George became a Big Bang Baby.

■ ■ ■

But the world has aged a lot since October, 1986, and this Christmas could be the last in the City for many of those bull market babies. They knew only too well that they are no longer earning their keep and that the City is hopelessly overstaffed. Two or three jobs later they have grown into very bearish adults. They exhibit a gleeful cynicism. "What's the definition of a financial genius?" cracks a commodity broker. "Someone who has been through the bull market shouting 'Buy!'"

All sorts of people were sucked into the gravitational field of the Big Bang – people like the semi-fictional bond dealer nicknamed "The God," a former male model who was discovered after amazing a large party of diners by his instant dissection of the restaurant bill. Almost exactly a year after the Bang came the Crash. Costs had soared and commissions had been halved and there began a flurry of redundancies. But most of the people "tin-tacked" since Big Bang were re-employed, and at higher salaries. In areas like UK equities and gilts, there is enormous overcapacity of analysts and salesmen. So this Christmas, even as the wine bars echo to cries of "Mine's a pint of Bollinger!" wiser heads in the City are waiting for the Wallop.

Behind a buoyant index, brokers say, the market in UK stocks is still thin and feverish. Market-makers are ducking, analysts are churning stocks ("it's the rhythm method," said one) and fund managers are complaining that the research is no good. They are dealing only with the big name brokers, on the maxim that no-one ever got the sack buying from IBM.

Morale is low and rumours abound. As bonuses shrink, it's each man for himself. Those who still want real careers in the City are trying to get into the safe houses; those who want a last injection of Serious Money are trying to wangle short contracts with the shakier-looking arms of American and Continental banks. Some have dived into West End "boutiques", the niche businesses that have sprung up to exploit private client dissatisfaction with the Big Bang conglomerates.

So who needs another analyst? Who indeed? Unless of course the analyst in question is this particular ray of sunshine, a Big Bang baby, curly blonde and dressed in silk. She has been up until 4 am but looks as if she has had two days to get ready for lunch. She is called Julia Blake and she reads the runes in textiles for a top-rated team at Barclays de Zoete Wedd.

Julia works close to the front line among the loudmouths and seems to enjoy proving she can hack it. "If my grandmother knew I was in the City she would turn in her grave," she says. She had to show the male chauvinists around her that being blonde did not mean she was another air-head. She goes weightlifting in a gym in Chelsea, where she lives. The City has changed her personality somewhat, she thinks, though she was always a bit of a tomboy. "But I am still soft underneath," she adds sweetly.

From an Oxfordshire farming family and with a degree in textile technology from Leicester, Julia was due to become a designer. Perhaps she will run her own business one day. For the moment, like most of the rest, she finds herself working harder than ever to justify her wages. "I hate the way the market has become so short term because people are not making money," she laments. "Traders are so desperate they're destroying the market and destroying prices. But what I like about the bear market is it makes me work hard and come up with good ideas."

Those who remember the feudal days of stockbroking are tempted to despair. "I think about leaving every day," groaned a 30-year-old senior salesman at another top house. "I still feel positive when I get up in the morning, but I'm disenchanted by evening. I just can't bear having to ring round all the clients again in the afternoons." A woman colleague blamed the generation above for the mess created by Big Bang. She said the system was invented by people who were never much good at it themselves. The clients did not like it and the inventors, having sold their partnerships (at an estimated, but disputed, average price of £1m) were just eating long lunches until their golden handcuffs came off.

These malcontents are the Marzipan Layer. They are the top of the cake but not quite into the icing. They were the first recruits after the dead decade of the Seventies, top-flight graduates who came to the City hoping for partnerships, only to find that world of small firms, teamwork and loyalty detonated (she says) into a managerial mess of aggressive and self-seeking bounty-hunters. "City managers are incapable of taking the hard decisions. No wonder corporate clients criticise us."

But if you are in the Marzipan Layer, the money is too good to give up (£50,000 basic for a senior equities salesman; £250,000 for a foreign exchange dealer). This lady likes what the money brings: nice clothes, holidays in the Far East, week-long binges at Michelin-starred restaurants, helping other members of the family. Her husband is a broker, too, and they have no children. They have been careful not to put anything into their South London house that cannot be physically removed if the balloon goes up.

Not everyone is morose. Ivan Sedgwick,tall, brainy and self-confident, has made a pretty comfortable living specialising in Japanese securities. Now a director of Schroders Securities, he landed in the City in 1981 with a history degree from Cambridge when the American banks were recruiting hard. International banking was then the glamour stock; "lending dillions of dollars to South America or Nigeria". He didn't think much about money when he started. "Then it dawned on me that people were making quite serious money. I heard someone casually mention that one needed £60,000 a year to get by in London."

He has graduated to a house in fashionable north London, a stockbroker-free zone, he says, where property prices will not be ravaged by a slump in the City. He wears a Marks and Spencer suit and drives a Jag.

He thinks the City is going bureaucratic again, with personnel departments and graduate training schemes. Before the Crash of 87 there was no time for such sophistications; you took on the likely lads, whether their degrees were from Oxbridge or the University of Romford.

It would be ludicrous to call today's City gents poor. A few are still making pop star incomes. It is rumoured that a desk of five traders in one US bank will pick up $1m bonus apiece this year. But most have a lot less to look forward to than their unhurried commuter fathers. This is especially true of the high flyers who were just too young for partnerships when Big Bang happened. And those who missed the start of the last property boom have paid a lot of money for their houses in Clapham. Fewer now can aspire to creeper-clad mansions in the Home Counties. You won't see mud on the tyres of their Range Rovers. They have no time for big toys like yachts. Conspicuous consumption may no longer be compulsory. But the free-spending habit is hard to break when you have been used to seeing your pay double every year.

The watchword is quality now. Specialists in the the emerging areas like European mergers and acquisitions are what the City is looking for. "Everyone is upgrading their focal product areas and the people at the bottom of the pile will have to go," said Fred Hohler, ex-Eton and Oxford, who runs the European arm of the Whitney Group of headhunters from offices in Mayfair after a career in the Foreign Office and a spell in the City.

"In a bull market you are just processing deals. If the market says you have got to have a shoe salesman, you get a shoe salesman. The fact that he's not the best in the world at selling shoes doesn't matter. But in a bear market you have to have people who can sell ice-cream to eskimoes. They are pretty difficult to find and difficult to manage."

The flight to quality is evident down on the university campuses, too. The number of Cambridge graduates who went into banking and insurance last autumn was the lowest for a decade: 95 compared with 144. This year's figure is expected to be similar. It seems the careerist only want to hear blue chip UK names like Rothschild and Warburg, Hambro, Baring or Cazenove.

The personnel director of one of these *houtes banques* suggested that undergraduates are no more interested in money than they ever were, for all the hype they have read in the papers or seen on television. It is early responsibility and status they seek: the kind of careers that 20 years ago were supplied by the Foreign Office or the Treasury, then by advertising, management consultancy or the Press, later by international banking and today by corporate finance.

In these days of specialisation there is no longer any such thing as a "merchant banker". When the City's old guard talks about the high-paying American banks it is usually with a sniff of disapproval for the fancy bonuses they offer. "Two years ago Shearson had to sack all its graduate intake before they even arrived: I think they did everyone a favour," said one.

For men who joined a merchant bank 20 or 30 years ago and were run around the departments learning the ropes before they were allowed to touch anything it is a bit galling to watch today's beginners jumping in at the deep end at £16,000 a year just for starters.

As they look out at the City from their panelled top-floor suites they may regret that the Crash did not happen sooner than it did and that the post-Crash shakeout has been so long delayed. They worry, too, that ethical behaviour is no longer an automatic part of every beginner's training.

Will the new era of statutory regulation, compliance officers and litigation breed a generation more interested in the letter than in the spirit of the law? "My word is my bond – but only up to £100,000," say the young jokers in the wine bar. It doesn't raise many laughs outside.

Nearly 30 years ago, in his Anatomy of Britain, Anthony Sampson wrote of the City: "Nearly everyone wears a dark suit, a bowler hat and an umbrella. The restaurants are crowded with pale-faced black-coated men." But he went on to note "a quasi-sexual fascination with money, concealed behind large layers of humbug." The greed of the City, he thought, was indispensable to its continued vitality and importance.

The fascination with money persists. The humbug has been replaced with bravado. But even bravado is in short supply these days. For many of the bull market babies, this year's Christmas hangover could prove a real cracker.

The Long View

The case of the vanishing Chancellor

With Christmas approaching, Poirot faced one of his toughest challenges as he probed murky goings-on in high places . . .

JACQUES Poirot surveyed the assembled suspects in the library at Number 11 Downing Street. Question Time was over now, and it was time for the *dénouement*. "Right from the beginning of my investigation," he said, "I was aware that a desperate plot might have been, as you say, *hatched*. Had the British Chancellor, Nigel Lawson, really committed political suicide, as it appeared – or had he been poisoned?

"My suspicions were first fanned after discussions with my employers, the Brussels Commission, who have entrusted me to investigate this matter, no doubt because my late uncle Hercule was at one time well-known in Britain."

Outside, the snow was now falling heavily. "*Eh bien*, I fear we may be stranded here all Christmas weekend," murmured Poirot. "It is sad that the transport infrastructure here has been so neglected."

He looked towards Professor Alan Walters. "You were my first suspect," he said. "You knew that Lawson planned to enter the Exchange Rate Mechanism of the European Monetary System and, indeed, had worked out a secret agreement. But a well-timed attack would kill off his plans."

Walters shrugged. "I can prove I was in Washington all the time," he snapped. "Anyway, you are well aware that I was prohibited by my contract from making public attacks."

"Officially, yes, *mon brave*," countered Poirot. "But by travelling on the overnight plane from Washington, you could be in London in good time to make damaging comments at discreet but influential City lunches. You could even supply copies of your old articles in which you described the European monetary arrangements as, if I remember correctly, *demi-sauté*.

"But then my investigation took a different course." He turned to John Major. "You were obviously a prime suspect," he said. "You inherited Lawson's job and his residence. Also, you knew your way intimately around the Treasury, where you had previously worked. It could be what the British police call, *je crois*, an inside job."

"That's preposterous," replied Major. "I had been away for several months on a foreign assignment. At the time I was in a hot, tropical place – I think it was called Malaya, or possibly Malacca – dealing with troublesome Commonwealth rebels."

"Ah, *mais oui*, the alibi," answered Poirot. "For a while, it puzzled me. If you had wanted to get rid of Lawson, why not do it before you left in July, instead of October? Unless the deed had been planned for July and then postponed, possibly through a loss of nerve.

"At first, I was uncertain. But then you made your mistake, I suppose through overconfidence. A few weeks after the disposal of Lawson, there was a break-in at the Treasury. It was explained away in the newspapers at the time as a burglary involving the loss of a mere few coins. Perhaps the theft was the only way in which the Treasury could hope to attain its target for M0 monetary growth!"

His attempt at humour was greeted by stony faces. "To be serious. A burglary of such well-guarded premises scarcely seemed possible. But let me pose an *alternative possibility* – *that this was a break-out that was made to appear like a break-in*.

"There was a strange coincidence. You, M. Major, are the son of a trapeze artist. With your knowledge of swinging on ropes, it would be child's play for you to have removed some piece of incriminating evidence – probably, a letter promising you the Chancellor's job – and made an exit through an apparently inaccessible window, leaving the appearance of a common burglary. Mere seconds later, you could have reappeared unruffled in Downing Street, repeating your usual message that policy was unchanged.

"But surely you could not have eliminated Lawson without an accomplice. In fact, you were only the junior partner. This brings me to your leading role in this unfortunate affair, Madame Thatcher."

She stiffened. "This is intolerable," she thundered. "I made it very clear in Bruges that we would not accept interference by Brussels bureaucrats. I regard this investigation as an infringement of our sovereign rights. We have set out our views repeatedly on 16 principles which must be . . . " She continued in this vein for some 20 minutes.

Poirot waited patiently, then murmured: "*Peut-être*, madame, but I must remind you that, under the monetary policing agreement which Lord Cockfield persuaded you to sign, this inquiry is perfectly legal. *Ma foi!* If your objections continue, I shall regard it as proof that you have something to hide."

He continued: "You cannot conceal the truth for ever. I have established that you saw the victim twice on the day of his elimination. How easy it would have been to administer a lethal dose of delayed action venom. *And you lived only next door!* You could have slipped unobserved through a connecting passage *and planted a forged political suicide note* in which the blame was cast on to Professor Walters."

Walters jumped to his feet. "You mean . . . I have been used as a stalking horse?" Poirot nodded. "*Malheureusement, I am afraid so.* And disposed-of as soon as your usefulness was at an end."

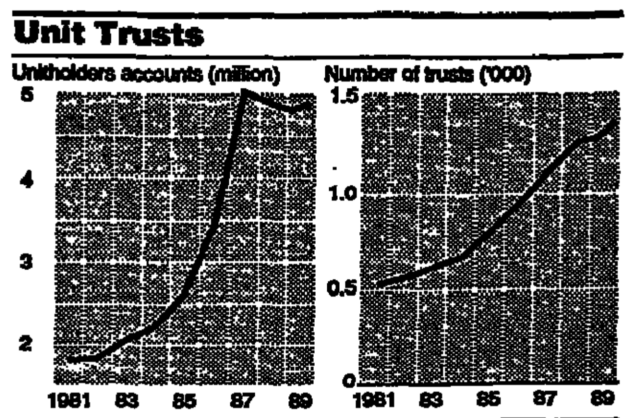
Thatcher gazed fiercely. "You cannot stop me, M. Poirot! I shall go on and on! And now I am late for my next newspaper interview!" She left the library, followed by the faithful Major. Poirot watched her go. "What a remarkable woman," he murmured. "So English . . . and yet, guilty of a *crime passionnel*."

"You Continentals will never defeat me," Thatcher shouted defiantly from the exit. She waved at the window, and the deepening snowdrifts. "Look, Brussels has been cut off!"

CONTENTS

MARKETS

FINANCE & THE FAMILY



Increase in level of unit trust investment

Unit trust investors recovered their nerve last month after the October mini-crash: net new investment was nearly £400m and the total value of funds under management increased by 3.8 per cent to £55.5bn. Sales again reached a high level at £960m in November, according to latest figures from the Unit Trust Association. The number of different unit trusts continues to rise: in November there were 1,353 trusts, compared with only 529 back in 1981. However, the number of unit holder accounts slipped slightly last month to 4.85m. The November figures disguise the fact that some companies, such as M & G and Fidelity are doing well, whereas other groups admit — at least privately — that their sales have not recovered from October 1987 and that they are under cost pressures. *Eric Short*

House prices 'could treble'

House prices could more than treble in the next decade, with average house values in the UK jumping from £58,000 to £200,000 according to an optimistic survey from the *Woolwich Building Society*.

The Woolwich predicts that national house prices will increase by 11.9 per cent on average each year and that house price inflation in the south will outstrip that in the north. Of the 37 large cities covered by the survey, the biggest surge in prices is expected to occur in Maidstone where average values will jump by 344 per cent to £400,000 in the next ten years helped by the development of Channel Tunnel links.

The forecasts are based on two predictions — those for incomes and for retail prices. Incomes are forecast to rise by an average of 8 per cent a year — so a person earning the national average wage of £12,200 in 1989 would earn £29,000 in ten years' time. The average loan is likely to rise to £130,000 by the year 2000 according to the Woolwich. The survey also assumes an annual average increase in retail prices of 5.3 per cent: so a colour TV costing £380 today would cost £669 in the year 2000. The average house price ten years ago was £23,000 while the average building *society advance was £13,000. Sara Webb*

Drop in building society receipts

Building societies suffered a sharp drop in net receipts in November to £177m, compared with £704m the previous month according to the Building Societies Association (BSA). The sharp fall in receipts reflects the small investor's interest in the water industry privatisation according to Mark Boleat, director-general of the BSA. However, he predicts that net receipts should increase in December and January when investors sell their water shares and re-invest the proceeds in their building society *accounts. Meanwhile, new mortgage lending dropped to* £3.717bn in November (the lowest figure since February) from £4.089bn in October. *S.W*

U-turn on director pension plans

The Government has changed its mind about planned restrictions on small self-administered director pension schemes (known as SSASs). The Department of Social Security announced this week that the majority of these schemes will be exempt from the proposed limits on self-investment by company pension schemes. This means that companies with eligible SSASs will not be required to *refinance loanbacks or find a new owner for company* shares or company-occupied property.

However, the Association of Pensioner Trustees says the position of some SSASs still needs clarification in certain aspects, particularly regarding company-occupied property which it claims should not be regarded as self-investment in the same manner as loans or shares. *E.S*

Changes to insurance tax

Rumours that the favourable tax treatment for qualifying life insurance products would be altered with effect from January 1 were squashed this week. Instead Peter Lilley, *Financial Secretary, announced a host of technical changes* to life companies' corporate taxation. These changes are likely to result in most life companies paying marginally more tax, though not enough to affect bonus rates or unit trust charges. However, the key part of the Inland Revenue's review is believed to concern proposed changes made to the tax treatment of contracts and the tax borne by the policyholder, in particular the expected introduction of an exit charge. It is possible that this subject will be dealt with in the forthcoming Budget, in which case the changes may not take effect until 1991. *E.S*

LONDON

Roller-coaster ends where it started

AS STOCK MARKET years go, 1989 has hardly been vintage.

It has given investors some*thing of roller-coaster ride as* the excitement of bids has risen and fallen. However, at the end of the year, market levels are sitting close to analysts' predictions of twelve months ago. Despite its surprising strength of the the past month, the FT-SE 100 Share Index closed yesterday at 2362 about 7 per cent better than the average figure being mooted then.

Traders, on the other hand, *have continued to be hit by* dealing volumes too low to justify capacity which they built up during the earlier bull market. The result has been a gloomy sequence of City casualties, with cuts on the market-making front affecting a wide range of firms.

Above all, market sentiment during 1989 has been dominated by Britain's economic worries. A year ago, opinions *tended* to be sharply divided between the relative likelihoods of a "soft" or "hard" landing for the economy as the authorities attempted to stamp *out rising inflation with a dose* of high interest rates.

Yet, as one FT reader asked, how was anyone to know when the landing had been made? Now, twelve months on, after a couple of increases in the medicinal dosage, the picture is only a little clearer. Indeed, the debate now tends to slide deviously to the definition of "hard" and "soft" and — an additional refinement — debat*ing what rate of economic* growth could fairly be termed as "recession."

The immediate relationship between the one percentage point rises in bank base rates in June and October — or, rather, the circumstances which led up to them — and overall levels of the UK stock market could not have been closer. The May rise in interest rates was associated with a correction of over 100 points to the FT-SE 100 Share Index. The autumnal rise coincided with a steeper 300-point fall in Footsie, this time spread over most *of September and October,*

On both occasions, continuing demand pressures within the domestic economy were widely blamed for a gory balance of payment figure, a rising inflation rate and — the most proximate and politically fraught issue — a deterioration on the sterling front.

With the benefit of hindsight, it seems more remarkable that these corrections proved *so short-lived. The market's tumble between May and* early June had been recouped by the end of the latter month. Today, Footsie has not quite recaptured its peak of 2426 at the beginning of September, but by Friday's close the gap was a relatively narrow 70 points.

No doubt, there have been a number of factors behind these rallies — not least, a tendency *for politicians to stress,* and the market to believe, that each increase would prove a satisfactory restraint on domestic demand.

Two other factors help to explain this market resilience. The first is the sustained level of bid activity over the past 12 months; the second is the strength of institutional cash flows relative to the supply of equities.

In many ways, the first half of 1989 was arguably most interesting period for the UK acquisitions business since the bull market came to its dramatic close in 1987. On the one hand, there was a perceptible increase in interest from Wall Street players, a trend justified by the idea that British acquisition prices were cheaper than those in a US market fuelled *by leverage buyout activity.* With this, came an extended use and acceptance of leveraged offers, of which the £2bn bid battle over the Gateway food retail chain was a striking example.

Both trends reached a zenith with Sir James Goldsmith's well-publicised return to the UK bid trail and the subsequent record-breaking bid from his Hoylake consortium for *BAT Industries. The belief that* some variant on the junk bond game might develop in the UK — and that size would cease to be any barrier in takeovers — did London share prices no end of good. Indeed, a large part of the market's 300-point rise could probably be attributed directly to this cause.

Such aspirations, however, proved short-lived. Pronounced differences exist in institutional investors' attitudes on this side of the Atlantic. Their determination to resist the importation of such techniques was amply demonstrated by the pressure put on BAT. Moreover, the combination of higher interest rates, the unhappy fate of some leveraged offers and the problems in the US junk bond market, served to skim much of this froth out of the market by late autumn.

The latter half of 1989 has been somewhat less frenetic in terms of takeover deals

As a result, the latter half of 1989 has been somewhat less frenetic in terms of takeover deals, although the steady staking out of strategic positions ahead a harmonised Europe has meant that both activity and associated market froth has not completely disappeared. To that has been added an inevitable wave of activity in those sectors already perceived to be reaching an economic nadir — retailing, for example, or housebuilding.

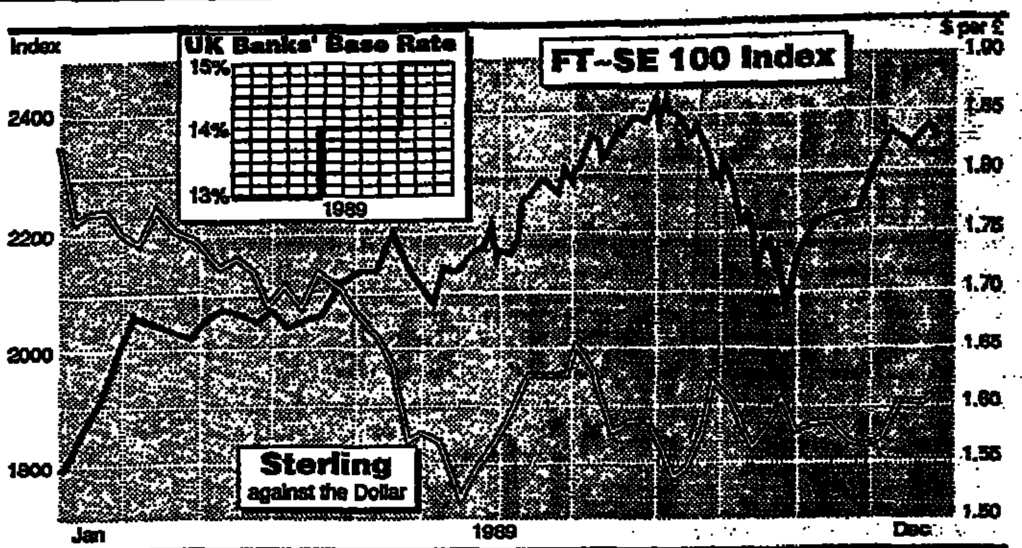
The second major factor explaining the market's resilience has been institutional cash flow. The knowledge that substantial sums were passing into institutional coffers, even if they were *not being heavily* deployed in the London market, has proved a formidable prop to sentiment. Total institutional cash flow in 1989 is reckoned to be around £27bn, compared with £23bn in 1988. True, the most significant trend has been the shift into overseas equities, with 1989 levels three times that of the previous year. Nevertheless, a muted gilt market and the presence *of fairly substantial* liquid balances has tended to underpin London share prices.

And that has been reinforced by famine throughout most of the year on the rights issue front. Only in recent months has a modest upturn in paper issues been perceptible — with the likes of Fisons and Polly Peck tapping shareholders in the last week alone.

As for the final pre-Christmas week's trading, this has been relatively uneventful. The stream of company profit warnings has continued unabated; so has the flow of deals, with Blue Circle's £197.5m recommended bid for Myson providing some last minute fireworks yesterday afternoon.

This has left the market neatly poised. In that respect at least, little has changed over the past 12 months.

Nikki Tait



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1989 High	1989 Low	
FT-SE 100 Index	2362.0	+17.3	2426.0	1782.8	Driven by bid speculation
British Aerospace	583	+17	745	420	Further aircraft orders
Cable & Wireless	559	+34	614	365	China seeks stake in HK subsidiary
Docius	110	+15	153	90	Better than expected results
Eurotunnel Units	598	+75	1172	376	Costs row may end soon
Ferranti Intl.	29½	-6	113½	29½	Depressing AGM
Greenall Whitley	334	-26	379	258	Disappointing figures
ICI	1099	-20	1352	1012	Brokers' downgradings
Myson Group	235	+35	240	140	240p agreed offer from Blue Circle
Rechem	624	+71	795	314	"Green" growth prospects
Severn Trent Water	136½	+7½	144	100	Lyonnaise reveals 2% stake
South West Water	157	+11	158	100	Stake-building speculation
Thames Water	146½	+10½	150	100	Stake-building speculation
Tootal	100	-8	144	97	Coats Viyella merger talks off
UK Paper	368	+32	380	179	Finns abandon bid battle

WALL STREET

A return to scepticism

DISTURBING signs of sanity were breaking out last week in the stock market. Perhaps the new-found realism had something to do with the gloom and gallows humour of Christmas parties up and down Wall Street. But after the sudden losses suffered recently by a long list of supposedly foolproof growth stocks in the consumer and financial industries, the shift in sentiment is *likely to outlast the thin and* feverish trading of the Christmas weeks.

The new mood of scepticism was best illustrated by Walt Disney's drop of 10 per cent in ten minutes on Wednesday morning, albeit to a price at which the stock still sells for 22 times earnings. The plunge of Disney's share price followed a 5 per cent loss in the previous two days. As a result, Disney's capital appreciation in the last 12 months has been cut from 109 per cent to a mere 72 per cent.

Another sign of the times was the 42-point drop in the Dow Jones Industrial Average on Monday. This sudden setback was caused by a panic about collapsing property markets in California and New England and the corresponding massive real estate losses for banks and mortgage insurers. In theory, everyone had known for months about these dangers, but until recently nobody wanted to listen.

The reasons given for the *Disney sell-off* were even more instructive. According to the Dow Jones market report, Goldman Sachs's entertainment analyst expressed "fears that a recession may put pressure on the company's earnings by hurting attendance at its theme parks."

Believe it or not, Wall Street had come to regard Walt Disney and other entertainment groups as "steady growth" *stocks, virtually immune from* worries such as recession and economic cycles. As such, they have been feverishly bid up with every report of economic weakness, along with such other "non-cyclical" issues as airlines, department stores, restaurants, specialty retailers and mortgage lenders.

Why did it take investors so long to realise that businesses which depend entirely on the *last dollar of a consumer's discretionary* income may not be totally invulnerable to an economic slowdown — in fact, that theme park attendances and airline bookings may turn out to be more cyclical than sales of computers and aluminium ingots?

Part of the answer doubtless lies in crowd psychology, but there is also a more rational explanation. Until recently investors have not be required to think seriously about the prospects of industries such as entertainment, airlines and retailing, because they could *rely on someone else to do this* thinking for them. These useful surrogates were the corporate raiders, arbitrageurs and leveraged buyout funds which seemed willing to pay almost any price to get their hands on one of the top companies in whatever fashionable sector of that moment.

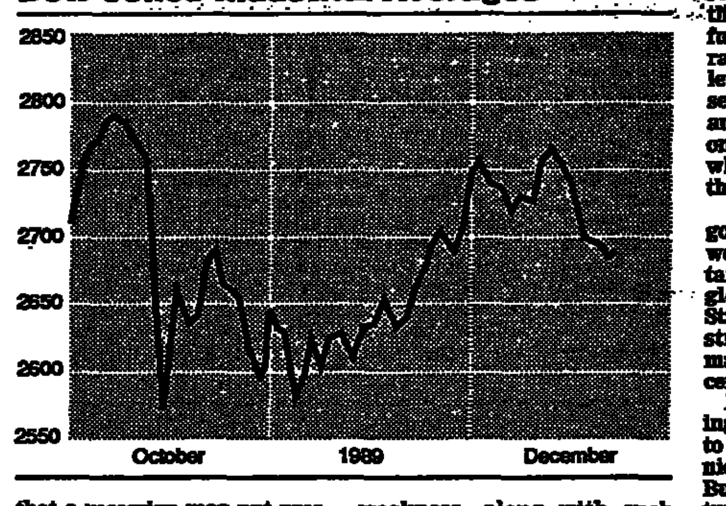
Now these greater fools are gone, perhaps for good. Small wonder that, last week, entertainment was the weakest single industry group on Wall Street, down 10.6 per cent. The strongest was, suggestively, machine tools — up 6.0 per cent on the week.

Investors are finally realising that if this bull market is to continue, industrial companies will have to take the lead. But this new realism has a disturbing aspect, for a bull market led by industrial issues will have to be built on better US economic performance, not merely enthusiasm and takeover hopes.

Monday	2697.58	− 42.08
Tuesday	2695.61	− 1.98
Wednesday	2687.93	− 7.68
Thursday	2691.13	+ 3.20

Anatole Kaletsky

Dow Jones Industrial Averages



JUNIOR MARKETS

Big success, small scale

IT MAY not have been a good year for the junior league in general, but the main market *can eat its heart out as far as* the best-performing share of 1989 is concerned. A 1,482 per cent rise in the value of Midland & Scottish, a USM-quoted oil production company, has left the four-fold increase of Macallan-Glenlivet, the star performer of the main market, well in the shade.

The rise and rise of Midland & Scottish started in February when a private oilfield group injected itself into the former Jebsens Drilling, a loss-making drilling contractor. The company, which raised a further £17m in June, now offers cheap production *facilities to developers in new* smaller fields. Its first project, the development of the Emerald Field, is well under way and further deals are expected.

Midland & Scottish was not alone. From the very start, 1989 was the *annus mirabilis* of small oil companies, reversing their miserable performance of the past few years. The immediate reasons for their outperformance has usually been the injection of new management and assets, while the underlying reason has been the firmness of the oil price which has made exploration and production in smaller fields worthwhile.

To a large extent, though, the heady outperformance this year is a reflection of the dismal performances of the oil companies in the past few years. The sector suffered acutely from the collapse in the oil price in the 1986, which made a lot of exploration activity uneconomic, and the battering received by speculative shares in the 1987 Crash.

So Crossroads Oil's fourth place in the USM's leaders list can, in part, be seen as a correction to its dramatic under-performance last year, when it was known as Lysander Petroleum. Its 133 per cent rise this year has clawed back nearly all the ground it lost in 1988 when it was one of the worst performers of the year.

The stimulus to this recovery was two-fold. It made an oil discovery near Louisiana and it called a rights issue priced (for technical reasons) at nearly twice the value of the share price. The directors, who guaranteed to take up shares, said that they were "putting their money where their mouths were."

Yet another beneficiary of the *oil price recovery* was Ramco Oil Services, which saw its share price double this year. It cleans and coats pipes for lining oil wells and so benefited from the higher levels of activity in the North Sea. Flextech, an oil well tester, which is now chaired by Stanislas Yassukovich, the chairman of the Securities Association, has also reaped *the rewards of this boom. Its* shares rose by 418 per cent.

But perhaps the most remarkable performance of any USM oil stock was that of Monument Oil & Gas. It share price increased by 87 per cent this year, reflecting its dramatic growth over the past year and a half when its market capitalisation grew by 20 times. After a series of deals — the latest of which was the £62m acquisition of Renown Energy — Monument now considers that it has entered the big league of oil companies.

So much for the exploration and production companies. Perhaps the real honours should go to the non-oil companies which have made it to the top-performing list. They have succeeded against a economic background which has *crippled many of the* USM's brightest and fastest-growing companies.

The star performer in this league is Cityvision, the video rental chain. The company which is *about to move up to* the main market saw its shares soar by 179 per cent after a year of rapid expansion which made its the largest company of its type. The breakneck pace of its growth has not deterred investors, since video rental is seen as a large fragmented market which should show some resilience to a recession.

Another business that should show some insulation against an economic downturn *is independent television* production, which is riding the wave of the proposed reforms of the television sector. Small wonder then that Sunset & Vine, one of the best regarded independents, chalked up a 101 per cent rise in its share price.

The injection of new management into shell companies is always a powerful stimulant to share prices and this year was no exception. Ross Consumer Electronics, a troubled audio equipment and radio distributor, received a new lease of life when Roger Shute, chairman of BM Group, a construction equipment distributor, took over.

G F Lovell, a Welsh toffee maker, received a fillip when an investor group led by two senior building executives took charge in February and in August it splashed out £20m on four building material companies. Given the difficult prospects for this sector, Lovell's outperformance this year is a striking testimony to the market's faith. Although it has been a tough year for smaller companies, rich pickings have been there for the taking.

Vanessa Houlder

Water: put your plans on the back boiler

IF YOU HAVE just received *your water share certificates,* maybe now is the time to pour yourself a soothing glass of tap water, sit down and breathe deeply.

Small investors have mainly had to watch the hectic dealings of the last week from the sidelines, until getting their certificates. The heavy trading has included surprisingly swift raids on some companies by Lyonnaise des Eaux, one of the *big three* French water suppliers, which already has stakes in Anglian Water (9 per cent), Wessex Water (6 per cent) and Severn Trent (2 per cent). The company has called a halt to further stake-building.

After nine days of dealings, water shares are still standing at an average premium of about 50 per cent to the partly-paid offer price of 100p (20 per cent to the 240p fully-paid *price). That could tempt* private investors to sell, but unless you've already done so, you might as well use the Christmas break to remind yourself of the long-term attractions — and risks — of investment in the water companies.

And if you're still inclined to "stag" the water offer, you won't necessarily lose out by waiting. A combination of "flowback" from public offers for sale and private placings of water shares outside the UK, *plus takeover speculation,* however ill-founded, should *support the price into the New* Year.

Before fundamental considerations were submerged beneath a wave of early dealing hysteria, analysts were looking at certain strengths which set the water companies apart from other equities.

■ Dividend yield and growth. Investors looking at the relative yields of the 10 companies and the rise in the share price are in danger of ignoring the fact that an average annualised gross yield of 7 or 8 per cent is still pretty good compared with the FT All-Share average of just over 4 per cent.

In addition, promises of "progressive dividend growth" (ie real growth above the rate of inflation) are attractive in a straitened economic climate.

Incidentally, private investors hoping to rake in the first dividend on their water shares without paying the second instalment of 70p a share — thus increasing the effective yield — should be aware of one possible hiccup in such a plan.

Advisers are still negotiating with the Stock Exchange to set a date on which water shares will go ex-dividend. If it is July 9, investors will have about 10 or 11 days to sell before becoming liable for payment of the second instalment (due on July 31). If the ex-dividend date is July 23 — the other likely alternative — shareholders may have to pay the second instalment to receive the dividend in October. Stags could of course sell their shares in the market at the new partly-paid price after the end of July, thus recouping the cost of the second instalment.

■ Reliability. *Long-term* industries like water look strangely out of place in the minute-by-minute City environment, but regional monopolies supplying an essential product to a captive customer base do have a certain stability.

Those now inclined to treat the water shares as conventional equities should also remember the role of the regulator. *He aims to simulate the* competitive environment and allow the companies to fund their core utility functions, by setting price caps and passing certain unforeseen costs through to the consumer in the form of higher water charges.

His role in turn helps secure the companies' dividend growth — and underpins the cost of their large capital investment programmes.

If that long-term view and the short-term buoyancy of the shares fills investors with festive joy they should also be mindful of the Spirit of Christmas Yet to Come.

Robert Giles, water analyst at Laing & Cruickshank, offers a timely reminder of political risks inherent in this most controversial privatisation: "Investors are going to get a better return than on the market as a whole for the next five years if it's a Conservative government — if it's a Labour government *[pledged to return the industry* to public ownership], things may be different."

His counterpart at Phillips & Drew, Lakis Athanasiou, suggests you should also weigh up the longer term risks of overruns on capital expenditure programmes, and the possible difficulty of managing large increases in capital expenditure, even if compensated by the regulator.

Finally, it seems logical for French water suppliers which have already bought into the UK statutory water companies to dabble in the new PLCs, if only to further co-operation on joint ventures.

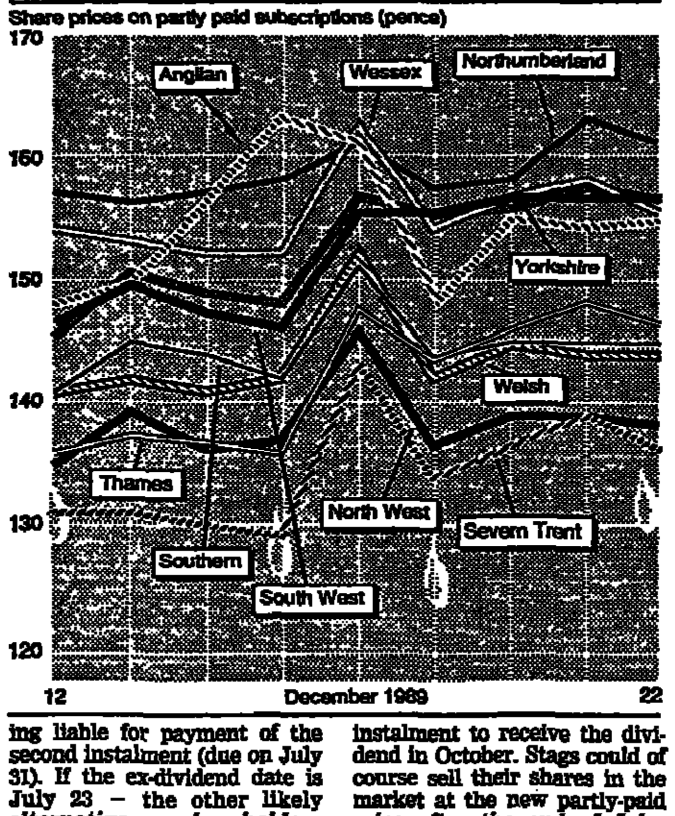
In the case of the statutory companies a declared policy of minority stake-building developed into full-scale bid activity within a year. But it would be dangerous to assume that the French companies might pursue a similar strategy with the new water companies, faced with obstacles such as the Government's protective "golden shares", and an automatic Monopolies and Mergers Commission investigation into water mergers.

As Robert Giles puts it: "You might have to wait a long while for nothing to happen."

Andrew Hill

The ten water companies

Share prices on partly paid subscriptions (pence)



Vanessa Houlder casts her eye over the leaders and laggards among British companies in 1989 – and finds that whisky heads the field

Cheers! Macallan drinks to a memorable year

IF YOU should indulge in a celebratory dram this Christmas, raise a glass to Macallan-Glenlivet. Over the decade, the whisky loch of surplus stocks has been drunk dry and malt's quality image has been restored, resulting in a remarkable up-turn in the company's fortunes. This has quadrupled its share price, making it this year's top-performing FTA All-Share stock.

A celebratory mood should come easily to most investors who have seen the value of the FTA All-Share Index rise by an impressive 27 per cent this year. The same euphoria would not, however, be matched by smaller company shareholders; their shares have gone up by a mere 5 per cent, according to the Hoare Govett Smaller Companies Index. Going even further down the scale, shares on the Unlisted Securities Market have risen by an average of just 1 per cent.

These vastly differing performances reflect the uncertainties and contradictions that faced investors in 1988. Shares in larger companies danced to the beat of the international markets, sparing relatively little time for the sombre notes struck by the UK economy. The exception was the autumn when the chorus of bad news – the trade gap, rising inflation and mounting interest rates – reached a crescendo with the rise in base rates to 15 per cent, a collapse in Wall Street share prices, and the resignation of Nigel Lawson.

For most of the year, though, investors were diverted easily from the problems of the UK economy. Take-over bids preoccupied the market, ranging from the short-lived attempt by Plessey to turn the tables on its predator, GEC, in January, through to July's record-breaking bid for BAT by a consortium headed by Sir James Goldsmith. Cash bids were successful in a number of cases, most notably Consolidated Goldfields, DRG, Jaguar and Morgan Grenfell.

The upshot of all this bid activity was that more cash was put into the market than was taken out by equity issues. The total raised in the first nine months through rights and new issues was just £5.2bn – less than the £5.9bn raised in the comparable, and relatively quiet, period last year. Even this month's £5.2bn water flotation – the Government's third-largest privatisation – will not have over-taxed investors' coffers. Taken together with the Government's decision to buy back gilts at the rate of £1bn monthly, it is not surprising that investors have felt flush with cash and willing to bid-up scarce stocks.

No such stimulus has been applied to the smaller company sector, which was left on the sidelines in January and February as investors preferred more liquid, easily tradeable shares.

Smaller company investors also received earlier evidence of the corporate gloom which came thick and fast during the summer via a spate of profit warnings. As they were perceived to have higher borrowing costs, less experienced management and greater exposure to the domestic economy than their larger brethen, smaller company share prices fell sharply.

Not surprisingly, the turnover figures for smaller companies have made sombre reading for stockbrokers. Rather more encouragement could be gleaned from turn-over figures for the market as a whole, where it seemed that confidence and larger trading volumes were returning gradually.

In the third quarter of 1989 the average turnover was £1bn, up nearly 50 per cent on the same period a year earlier, but it slumped once more in the wake of October's gloom.

This down-turn tested yet again the resolve of the securities industry, which had been holding its breath after a spate of closures and redundancies at the start of the year. When, in November, ANZ and the Canadian Imperial Bank of Commerce closed their UK equity operations and Laing & Cruickshank pulled out of market-making, it was hailed widely as the start of another City shake-out.

Given the level of interest rates and recessionary fears, the worst-performing sectors are a predictable bunch – including property, metals, and packaging and paper. This year's wooden spoon, however, was reserved for construction and contractors; with a 1 per cent decline, it was the only sector to report a fall in value.

Builders have been bedevilled by soaring interest rates and the gloom in the housing market. But the greatest problems arose for sheltered housing specialists such as Anglia Secure Homes and McCarthy & Stone, which were stranded when old people were unable to sell their homes. Yet another building-related casualty was Travis Perkins, formed last year from Sandell Perkins and Travis and Arnold, which succumbed to post-merger gloom and a fall in combined interim profits.

Given the squeeze in consumer spending, retailers had another bad time; indeed, this was the fourth year of their relative decline. Next, Coloroll and Storehouse all played a part in this under-performance while Next and Coloroll had the ignominy of appearing in the laggards' table for two years running. But Lowndes Queensway, the loss-making furniture and carpet stores group, took the title as worst performer of the year. It has had a disastrous 1989, culminating this month in a £70m last-ditch re-financing exercise.

Some retailers have, however, flown high above the clouds that dimmed the rest of the sector. Asprey, the Bond Street jeweller, made the best-selling list after some consistently sparkling results. Anyone who goes shopping for baubles with a six-figure price tag areIS, it seems, unfettered by the problems of mortgage rates.

Body Shop is another retailer that might, at first, appear to defy gravity. But its elevation was assured through the restraint of its management, its pre-eminent claim to ecological soundness – this year's stock market fashion – and the lack of liquidity in its shares.

LEADERS AND LAGGARDS 1989

Companies valued at over £100m

The Leaders	(% change)	The Laggards	(% change)
Macallan - Glenlivet	+331	Amstrad	-76
Cityvision	+179	Ferranti Int. Signal	-63
Securicor Group A	+140	Coloroll	-54
Body Shop Int.	+110	British & Commonweath	-51
UK Paper	+105	Storehouse	-45
Unitech	+104	Next	-43
Guinness	+99	Cannon St. Investments	-42
Reuters Holdings	+99	TVS Entertainment	-37
Premier Consolidated	+94	Amersham International	-32
Asprey	+94	Travis Perkins	-30

Companies valued at under £100m

The Leaders	(% change)	The Laggards	(% change)
Desoutter Brothers	+125	Lowndes Queensway	-77
Eurocopy	+112	Leisure Investments	-74
Aquascutum	+85	Anglia Secure Homes	-71
Harland Simon Group	+82	Pennant Properties	-69
Camellia Investments	+56	McCarthy & Stone	-68
Life Sciences	+53	PWS Holdings	-65
Henry Barrett	+52	Cray Electronics Holdings	-65
F&C Pacific	+52	GPG	-60
MTM	+51	Northamber	-57
Eastern Produce	+49	United Scientific	-55

Source: Datastream

Bucking sector trends was also a recurrent theme among the best-performing smaller companies. Henry Barrett, for instance, was able to shrug off the stigma of making steel buildings for DIY retailers and super-stores. Similarly, Eurocopy, a photo-copier supplier; Harland Simon Group, a computer controls company; Life Sciences, a maker of medical diagnostic equipment; and MTM, a specialist chemical company, are all young and fast-growing concerns which have attracted a new wave of institutional support.

As with the small companies, the top-performing heavyweights are a mixed bunch. Cityvision – another young and fast-expanding business – has established itself rapidly as the biggest player in the video rental market. Securicor's claim to fame is its 40 per cent in Cellnet, the hotly-tipped mobile phone company.

Guinness, like Macallan-Glenlivet, was inspired by the rising price of whisky (for which it can take some credit after cutting stocks and sharpening the marketing effort of Distillers). Meanwhile, Reuters news agency soared on a wave of US enthusiasm; so did Premier Consolidated after striking lucky with a wildcat well.

Inevitably, bids and bid speculation played an important part in dictating this year's leaders. UK Paper has just succumbed to a £299m bid from Fletcher Challenge, the New Zealand-based pulp and paper group. Unitech, the electronic components' manufacturer, had been boosted by bid speculation ever since Tito Tettamanti, a Swiss financier, bought a stake in April.

Desoutter Brothers, a family-controlled power tool-maker, received its boost from an £89m agreed bid by Atlas Proctor, the Swedish engineering company. Aquascutum, the fashion house, also saw some speculation after a spate of persistent buying at the start of the year.

Conversely, though, hangovers after take-over speculation can push companies easily into the laggards' list. Take, for instance, Amersham International, which combined falling profits with the evaporation of bid speculation that beset the company after the Government redeemed its golden share last year. Storehouse's performance was also depressed by fading bid hopes when Asher Edelman, the arbitrageur, was prompted by the Takeover Panel to announce that he had no plans to bid.

A more drastic disappointment of take-over hopes came from United Scientific Holdings, a defence contractor. Its shares tumbled after Meggitt, a specialist engineering group, walked away from a £104m bid after a wealth of bad news about USH came into the open.

But where unexpected bad news was concerned, nothing could beat Ferranti International Signal. It revealed an alleged £215m fraud following its acquisition of International Signal and Control in 1987. On a smaller scale, another troubled electronics company that re-stated its accounts radically was Cray Electronics. A review of its accounting policy resulted in its 1988-89 profits being slashed.

Problems with new subsidiaries was another recurrent theme. TVS Entertainment, the ITV company hit by large losses at US subsidiary MTM, proved a prime example. A disastrous US acquisition did not help the cause of PWS, a Lloyds insurance broker which also was hit by competition and bad debts. GPG, the rump of the former Guinness Peat group owned by the creditor banks of Equity Corp of New Zealand, saw its profits tumble due to the weakness of its US fund management arm.

Leisure Investments came unstuck after its ambitious £170m acquisition of Peter de Savary's Land Leisure Group last year. After announcing that it would not pay the dividend on some of its preference shares, it agreed to a bid from Bear Brand. Pennant Properties, meanwhile, came a cropper because of its holding in a Boston-based property company which, in November, sought protection from its creditors under chapter 11.

By and large, the poor performers are the usual assortment of companies dragged down by difficult trading conditions and ill-judged acquisitions. What, perhaps, brings an extra piquancy to the major company laggards this year is the predominance of high-fliers from the mid-1980s.

Look, for instance, at Amstrad (which was one of the top three performers in 1985 and 1986) and British & Commonwealth, the financial services group. While Amstrad suffered from poor trading conditions and a series of managerial and technical mishaps, and B&C floundered through high interest rates and problems with acquisitions, both could be said to be the result of over-stretched and over-optimistic management.

Obscurity is certainly no guarantee against a dramatic reversal of fortunes, though. Any tendency to gloat about companies in the best-performing list should be checked by this year's cautionary tales.

Oakwood Group, the third-best performer after the injection of new management in 1987, called in the receiver this week. And Titaghur Jute, last year's top performer with a near six-fold price rise, was suspended after its new chairman was arrested on insider dealing charges.

Time to test your knowledge . . .

DONALD ELKIN challenges expatriates to test their knowledge of the UK financial scene.

1 What are the top rates of:
(a) Income tax
(b) Capital gains tax
(c) Inheritance tax
...and what were they at the beginning of the decade?

2 Generally, UK source income remains taxable even when you are non-resident. Can you name any exceptions?

3 Is income tax relief available in respect of interest payable on loans made outside the UK?

4 Following the introduction of separate taxation for married people on April 6 1990, married non-residents receiving taxable UK income must necessarily improve their income tax position by dividing the sources between them so far as they are able. Is this correct?

5 Part of your work with your multinational employer is carried on in Britain. Following retirement to the UK, you take maximum pension commutation. Will any part of the payment be exempt from UK income tax? If so, how much?

6 After a period of residence and ordinary residence in the UK, you undertake a full-time assignment for your employer overseas. You leave on May 1 1989, and, apart from a home visit between April 1 1990 and June 5 1990, you continue overseas until November 1 1990, following which you resume your normal UK duties. Will you have to pay tax on your salary for the period May 1 1989 to June 5 1990?

7 Liability to tax on capital gains accrued while you are not resident, and not ordinarily resident, in the UK can often be avoided by realising the assets concerned at any time up to the day before resuming permanent residence there. In what circumstances does this apply?

8 People neither resident nor ordinarily resident in the UK can never be liable to capital gains tax. True or false?

9 At what point is a capital gain regarded as having taken place?

10 As a result of the last UK Budget, what "umbrella" is no longer proof against tax?

11 What legislative changes resulted from the Inland Revenue's consultative document *Residence in the UK: The Scope of UK Taxation for Individuals*?

12 When did it cease necessarily to be the case that, on marriage, a woman assumed her husband's domicile?

13 Is a transfer of assets from one spouse to another always exempt from inheritance tax?

14 If, as a result of emigrating from the UK, you are treated as not domiciled there, would your overseas assets be exempt from inheritance tax if you were to die shortly afterwards?

15 You take up a full-time assignment overseas for your UK employer. For how long are you permitted to contribute to:
(a) Class 1 National Insurance contributions.
(b) The UK-based superannuation scheme.

16 Do UK expatriates qualify to invest in PEPs?

17 If you invest in an offshore branch of a UK building society, is it correct that for UK tax purposes:
(a) The income will be treated as arising outside the UK?
(b) The capital will be regarded as a non-UK asset?

18 If you invested in an offshore single Premium Bond after November 17 1983, for which of the following reliefs will you qualify after resuming UK residence:
(a) Deferment of income tax liability on drawings not exceeding the premium allowance (ie, 5 per cent for 20 years).
(b) Exemption on account of profits which accrued while you were non-resident.
(c) Limitation of liability to the excess of higher rate over basic rate tax.
(d) Capital gains tax indexation and annual exemption?
(e) Exemption of all gains accrued at death?

19 From January 1 1990, advisers must give a "Buyer's Guide" to every investor contemplating a transaction in life or pensions policies, regulated unit trusts, and PEPs which contain such trusts. What information must this guide contain.

20 Is it necessary for you to sign a client agreement with your UK-based investment adviser indicating the terms on which he will undertake business for you before he can give advice or make recommendations.

Animals in the jungle

LAMONT'S Glossary, the guide for investors published by London intermediary I.P.S.Lamont, includes definitions of the many strange varieties of "animals" in the City jungle. How many of the following terms can you identify?

Alligator
Bears
Bulldogs
Bulls
Bumble bees
Cats
Killer Bees
Monkey
Pony
Porcupines
Sharks
Snakes
Stags
Tigers
Zebras

Action in the City

THIS has been a year of intense takeover activity and scandal in the City. Here are 20 clues to test your knowledge and memory.

1 Which glittering prize escaped the clutches of one predator, only to fall victim to a second straight away?

2 Who swapped a French suitor for a German husband?

3 Which company sent up distress signals following the discovery of unexpected losses?

4 Who said he didn't intend to fall on his sword, but later stabbed himself with an arrow?

5 Which birdlike company turned the tables on a previous predator?

6 Who sought to "unbundle" a very expensive package?

7 Who burned their fingers when floating in?

8 Which long-running operetta came to a happy ending?

9 Where did Britannia rule, k.o.?

10 Who cut their cloth into two?

11 Which famous brothers came unstuck?

12 Who opened the oyster to take out the precious contents?

13 Which bird of prey fell out of its nest?

14 Who moved rapidly to avoid a nasty hangover?

15 Who combined to turn defence into victory?

16 Who dug a deeper and deeper hole?

17 Who concluded a triangular affair?

18 Who called time for a leading friendly society?

19 Who kept close observation on those running the store?

20 Which portly gentleman moved out of troubled wa(l)ters?

Taxing teasers

Test your knowledge of taxation with this quiz devised by tax advisors Towry Law.

1 If your child had an income of his own how would this affect child benefit?
a) Reduced if child's income exceeds the personal allowance.
b) Reduced if child's income over £500.
c) Not affected.

2 Life assurance tax relief is available on premiums paid for qualifying life assurance policies commenced before March 13 1984 on your life of £1,500 a year or, if greater, one-sixth of:
a) Earned income.
b) All income.
c) All income but excluding any trust income received by your wife.

3 If you were to give your son any of the following items, each of which was showing a gain of £10,000, which would be subject to capital gains tax?
a) A racehorse.
b) A 1920 Silver Ghost.
c) Grandfather's pair of Purdeys.
d) A single premium property bond.
e) An extremely useful elephant (not white).

4 Suppose you had £1,000 invested in a building society from which you received £75 per annum interest. How would it be taxed?
a) As £75 investment income.
b) No tax payable.
c) As £100 investment income, less £25 tax paid.
d) As £75 investment income, less £18.75 tax paid.

5 Father died in 1972 and under his will left the income from his estate to his wife and on her death the capital to his children. What tax would be payable on mother's death in 1988, the estate having risen in value by 80 per cent?
a) Inheritance tax will be charged on the increase in the value of the estate.
b) Estate duty at the old rate will be levied.
c) Inheritance tax will be payable on the total value.
d) No tax will be charged.

6 If father died in 1976 and left his assets in the same way as 5 above, how would tax be charged on mother's death in 1988?
a) Inheritance tax on the increase in value of the estate.
b) Inheritance tax on the total value of the estate.

7 You have purchased a single Premium Bond, arranged the policy in trust for your six-year-old son, and the trustees withdraw 5 per cent a year for the son's maintenance and education:
a) 5 per cent per annum will be tax-free.
b) 5 per cent withdrawal will be taxed as the child's income.
c) 5 per cent withdrawal will be taxed as your income.
d) 5 per cent will be subject to tax, payable by the trustees, at the rate of 15 per cent.

8 Your 13-year-old son wins a scholarship of £3,000 a year to a public school. It will be taxed as:
a) Your income.
b) His income.
c) Not taxed, but your child benefit will be extinguished.
d) No tax effect.

9 To prepare for independent taxation, you are going to give your wife some shares so that she can take advantage of her own capital gains tax exemption. You can:
a) Put the capital in trust so that she receives an income and you get the capital back on her death or on divorce.
b) Make the gift subject to her returning the shares to you when she has taken advantage of the CGT exemption.
c) Only make an outright gift with no strings attached.
d) Give her the rights to the capital but retain the dividends.

10 An annual premium whole life policy with profits, could give rise to a tax charge if it is:
a) Surrendered after 10 years.
b) Assigned to a trust after four years.
c) Converted to an endowment policy.
d) The bonuses are encashed after eight years.

ANSWERS IN PAGE 4

Water worries? **Andrew Hill** tells what to do

Check – then complain

WATER HAS been the most complex privatisation issue so far and there were bound to be a few hiccups in distributing share certificates. The Water Share Information Office is handling about 200 queries a day. So, what should you do if you have a complaint?

First, you should check the documents you have received. If you were successful, there should be an interim certificate. If any part of your allocation was scaled down, or the whole application was unsuccessful, there should also be a return cheque.

The scaling-down was different for each of the 10 companies so, before you tear a strip off your stockbroker or write irate letters to newspapers about not receiving the shares for which you applied, check your allocation against what you think you should have been given.

Assuming you have a genuine complaint, there are several possible courses of action:

■ If the number of shares allocated is wrong, your objections should be sent to the registrar, whose address appears on the back of the interim certificate. If possible, send the registrar a photocopy of the incorrect document with your letter of complaint.

■ If the return cheque is made out wrongly, the complaint should be addressed to the receiving bank for your local water company. There are six in all, and they are listed below by water company. You should write to the main receiving bank for your area, even if you took your original application by hand to a receiving centre or high street bank.

■ The receiving bank for your area will also handle any complaints about certificates or return cheques failing to arrive. All successful applicants' certificates should have been sent last Monday. However, the WSIO is advising people to wait until the first week of January before lodging a complaint.

That's little comfort if you're a fevered stag waiting to sell, but it might help local post offices iron out Christmas hitches in the service which could have delayed your certificates. According to government monitoring services, though, 93 per cent of the certificates reached investors by the first post on Thursday.

■ Finally, if you and members of your family each applied for shares from the same address, you may now want to amalgamate small allocations of shares in the same company to keep dealing costs to a minimum if you decide eventually to sell.

Transfers between "blood relatives" can be made – as can transfers between joint shareholders or transfers involving no change in the beneficial ownership of the shares – but it requires a special certificate if you are not to incur dealing costs or lose out on any incentives.

This can be obtained from: National Westminster Bank, Registrar's Department, PO Box 82, Caxton House, Redcliffe Way, Bristol BS99 7NH; Lloyds Bank, Registrar's Department, PO Box 1669, Quayside Tower, Broad Street, Birmingham B1 2HB; or through your broker.

RECEIVING BANKS

Anglian, North West: Midland Bank, Stock Exchange Services, Mariner House, Pepys Street, London EC3N 4DA.

Northumbrian, Southern: Bank of Scotland, New Issues Department, Apex House, 9 Haddington Place, Edinburgh EH7 OLA.

Severn Trent, South West: Lloyds Bank, Registrar's Department, Issue Section, PO Box 1000, 11 Bishopsgate, London EC2N 3LB.

Thames: Barclays Bank, Registration and New Issues, PO Box No 123, Fleetway House, 25 Farringdon Street, London EC4A 4HD.

Welsh, Wessex: National Westminster Bank, Registrar's Department, PO Box No 663, Hartcliffe, Bristol, BS99 1XU.

Yorkshire: Royal Bank of Scotland, Registrar's Department, PO Box No 7, Canning House, 19 Canning Street, Edinburgh EH3 8TE.

PEPs that hold water

TWO OF the newly-privatised water companies, Northumbrian and South West, have launched their own personal equity plans (PEPs) to take in their own shares exclusively. They are similar to the one introduced by Abbey National after its flotation; and the idea is that by handling shares in a single company only, costs can be kept down.

There is no initial charge but there is an annual fee of 0.7 per cent of the value of the holding on April 1 each year, which is deducted from the first dividend payment the next October. If you want to add to your holding by buying more shares in the market, there is a dealing charge of 0.4 per cent. There is also a £15 charge for selling shares.

The plan manager in both cases is CC&P Trustees, a subsidiary of management consultant Cockman, Consultants & Partners, which specialises in what it describes as "corporate PEPs" where dealings are confined to the sponsoring company's shares only.

Richard Cockman said the high yields expected on water shares made them particularly suitable for retention in a PEP. Dedicated single-share plans, like the one the firm had undertaken already for Hays, encouraged investors to hold their new issue shares rather than selling out, since the low charges helped to retain the tax benefits gained by putting shares in a PEP.

Managers of more conventional PEPs say some confusion has been caused by the concession which allows families to amalgamate their holdings into one without losing the bonus or discount. Some investors, particularly those who received small allocations, want to combine family holdings and transfer them into a single PEP. However, the Inland Revenue says you can transfer only your own water shares as a new issue into a PEP.

The Revenue confirms, however, that it is taking a relaxed stance about the condition that applications for the transfer of a new issue into a PEP must be completed by 30 days from the allocation date – a deadline of January 11 in the case of water shares. Apparently, it is prepared to accept that the transaction has been completed if the shares, and special transfer certificate, are lodged with the PEP manager by January 11. This will give a little extra time for the manager to have the stock transfer form stamped and lodged with the registrar.

Meanwhile, Debenhams Investment Services (DIS) has compiled a special survey of water privatisation dealing costs. Charges vary considerably. DIS says the only free service is the one it offers (in conjunction with the Leeds Permanent Building Society) to the first 10,000 customers who open or have an existing Liquid or Solid Gold account with £2,000 or more on deposit.

Otherwise, the cheapest option – especially for families amalgamating their holdings – is to use the flat-rate deals offered by Manchester stockbroker Pilling & Co and Norwich broker Waters Lunniss/N&P (£8); and Cawood Smithies, DIS and Skipton/Killik (£10). Two brokers, J. Brearley of Blackpool and Henry Cooke Lumsden, have minimum charges of £10. But the survey notes that there are a variety of conditions imposed by different companies. DIS has set up a special Water Helpline on 0898-500-507.

John Edwards

FINANCE & THE FAMILY

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Bardsey	64½	63	59½	14.73	Beckenham Grp.
Builder Grp.	340*	336	335	58.10	CEP Comms.
Carron Phoenix	60*	76	38	6.83	Groupe Bene
Dixons Grp.	120*	134	108	460.60	Kingfisher
Green (J.)	100*	101	93	6.75	Wace Grp.
Hestair	282*§	334	225	165.30	Adia
Hestair	325*	334	308	192.00	BET
Higgs & Hill	407§§	433	302	137.80	Lovell (Y.J.)
Leisure Inv.	30	25	37	4.57	Transwood Earl
Metal Closures	176§§	180	159	45.14	Wassall
Monotype	150*	161	110	32.00	Polniplus
Morgan Grenfell	550*	541	475	950.00	Deutsche Bank
Myson	240*§	235	224	197.50	Blue Circle
Nat. Telecom	60*	58	49	20.39	Alcatel
Rothmans Intl.	590✤§	665	638	1.3bn	Richemont
Royal Sovereign	*217½§*	*205*	*155*	*11.86*	*Emess*
TDS Circuits	10*	25	20	0.90	Telmecomp
UK Paper	375*	368	336	298.94	Fletcher Chal'ge
VG Instruments	535*	531	535	270.20	Fisons
Wade Potteries‡	180§	155	123	18.41	Beauford

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.¶Unconditional.**Based on 2.30pm prices 22/12/89.†At suspension. §§Shares and cash.
✤In unlisted loan notes, maturing in 1994, in Rothmans Tobacco (Holdings).

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Flexello Castors & Wheels	Thursday	1.5	3.4	1.67
INTERIM DIVIDENDS				
Pathfinders Group	Thursday	0.3	0.4	-
Stavert Zigomala	Thursday	-	15.15	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Acatos & Hutch.	Oct	4,500	(11,780)	8.8	(24.7)	7.0	(9.0)
Appletree Hldgs	Oct	1,850	(1,500)	8.71	(7.21)	4.1	(3.75)
Bankers Invests.	Oct	*4,000✠✠*	*(3,260✠✠)*	*2.55*	*(2.07)*	2.31	(1.92)
Berisford Int'l.	Sept	107,300	(101,600)	15.7	(14.2)	6.2	(6.2)
British Sugar	Oct	94,000	(84,200)	91.2	(92.4)	-	(-)
Brunner Inv. Tst	Nov	5,780##	(5,610##)	4.29	(3.26)	3.75	(3.1)
Carron Phoenix	Sept	227	(1,510)	1.2	(10.6)	1.33	(4.0)
Cauldon Group	Sept	901	(271)	1.46	(0.46)	0.33	(-)
Colorgen Inc.	June‡	220 L	(310 L)	-	(-)	-	(-)
Crown Comms.	Sept	6,250	(3,120)	16.0	(12.1)	5.0	(3.0)
Doctus	Sept	8,440	(4,612)	16.0	(8.62)	3.05	(2.0)
Electronic Data	Sept	1,040	(1,370)	8.45	(11.6)	2.65	(2.37)
G&G Kynoch	Aug	374 L	(235)	-	(30.7)	2.0	(5.5)
GPG	Sept‡	21,390	(37,100)	5.34	(8.59)	0.22p	(1.7p)
Grainger Trust	Sept	7,300	(5,935)	23.2	(20.4)	5.25	(4.2)
Greenall Whitley	Sept	52,020	(47,010)	28.1	(24.2)	8.7	(7.25)
Guinness Mahon	Sept	6,100	(5,200)	-	(-)	2.1	(1.2)
Kleinwort Chart.	Nov	8,120##	(6,140##)	5.46	(3.91)	4.25	(3.25)
London Wall	Sept	2,360	(664)	35.1	(11.4)	8.0	(4.0)
McCarthy & Stone	Aug	7,100	(34,100)	6.98	(40.1)	3.95	(5.14)
NFC	Sept	90,200	(67,313)	18.3	(14.2)	7.5♥	(5.72)
River Plate Gen.	Oct	4,170✠✠	(3,660✠✠)	7.73	(6.79)	7.7	(6.67)
Strata Invests.	Oct	272✠✠	(170✠✠)	1.67	(1.11)	1.15	(0.7)
Western Select.	Sept	639	(2,450)	3.16	(10.9)	2.0	(3.7)
Yorkshire Radio	Sept	1,460	(839)	12.8	(8.13)	3.0	(-)
Yorkshire TV.	Sept	18,040	(15,640)	32.9	(28.7)	11.3	(9.6)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Amberley Group	Sept	211	(203)	-	(-)
AMI Healthcare	Nov©	6,600	(5,710)	-	(-)
Asda Group	Nov	83,500	(103,540)	1.85	(1.85)
Batleys	Oct	2,040	(521)	0.5	(0.5)
Beaverco	Sept	966	(1,060)	1.9	(1.9)
Booth Industries	Sept	352	(242)	0.7	(0.6)
Brasway	Oct	1,640	(1,640)	0.24	(0.22)
Bremner	Dec	92	(23)	1.0	(-)
Bristol Evening Post	Sept	4,170	(3,970)	3.75	(3.5)
British Build & Eng.	Sept	277	(415)	1.0	(2.0)
Bromsgrove Industs.	Sept	3,320	(2,220)	1.3	(1.0)
Brunning Group	Sept	1,190 L	(515)	-	(1.75)
CH Industrials	Sept	*7,320*	*(5,670)*	*1.2*	(1.1)
Copson F	Oct	227	(566)	1.0	(1.0)
Faupel Trading Group	Sept	732	(845)	1.85	(-)
F&C Smaller Co's.	Oct	951✠✠	(749✠✠)	0.45	(0.4)
Finlan Group	Sept	679	(1,560)	2.2	(2.2)
Gibbs Mew	Sept	894	(1,550)	2.0	(1.75)
Hallwood Group	Oct‡©	376 L†	(1,280†)	-	(-)
Harmony Leisure	Oct	134	(258)	-	(-)
Hughes Food Group	Sept	2,200	(2,200)	0.25	(0.25)
London Merchant Secs	Sept	11,830	(7,000)	0.8	(0.8)
MFI Furniture	Nov	8,800 L	(24,300)	-	(-)
Microlec Group	Sept	776	(634)	1.2	(1.0)
Northumbrian Fine	Sept	92 L	(162 L)	0.75	(0.75)
Peel Holdings	Sept	9,610	(9,260)	3.0	(3.0)
Radiant Metal Finish	Aug✠	21 L	(164)	-	(-)
Russell (Alexander)	Sept	1,650	(1,610)	0.54	(0.54)
Select TV	Sept	183 L	(42 L)	-	(-)
Southend Property	Sept	4,300	(4,840)	1.2	(1.0)
Sterling Industries	Sept	1,330	(986)	1.35	(1.1)
Swan John & Sons	Oct	195	(225)	-	(-)
TGI	Sept	1,110	(1,920)	2.2	(2.0)
Tinsley Robor	Sept	625	(893)	0.75	(0.75)
Titaghur Jute	Mar●	1,070	(6,770 L)	-	(-)
Tops Estates	Sept	1,860	(468)	-	(-)
Total Systems	Sept	40	(52)	-	(-)
TR Technology	Oct	1,540✠✠	(1,460✠✠)	-	(-)
Union Square	Sept	1,410	(1,840)	0.4	(0.4)
Victoria Carpet	Sept	1,080	(1,100)	-	(-)
Waverley Cameron	Sept	1,010	(1,190)	0.3	(0.3)
Wellman	Sept	880	(1,260)	0.75	(-)
Westpool Invest. Tst	Sept	2,760	(3,290)	0.35	(0.35)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.✠ Operating loss/profit.‡ US dollars & cents.† Net loss/profits.© 1st quarter figures.● Figs for 9 months.♥ Plus special first interim dividend of 1.2p.✠✠ Net revenue.## Total income.

RIGHTS ISSUES

Aviva Petroleum is to raise £15.2m via a one-for-two rights issue at 18p.
Fisher Albert is to raise £180m via a one-for-three rights issue at 110p.
Fisons is to raise £211m via a one-for-eight rights issue.
Medirace is proposing to raise £87m via a rights issue.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	5.00	5.10	4.08	monthly	1	-	0-7
High interest cheque	7.00	7.20	5.76	monthly	1	500-4,999	0
High interest cheque	9.00	9.40	7.52	monthly	1	5,000-9,999	0
High interest cheque	9.20	9.60	7.68	monthly	1	10,000-49,999	0
High interest cheque	9.50	9.90	7.92	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	6.50	6.61	5.29	half-yearly	1	1-250,000	0
High interest access	8.50	8.50	6.80	yearly	1	500	0
High interest access	9.00	9.00	7.20	yearly	1	2,000	0
High interest access	9.50	9.50	7.60	yearly	1	5,000	0
High interest access	9.75	9.75	7.80	yearly	1	10,000	0
90-day	9.75	9.99	7.99	half yearly	1	500-9,999	90
90-day	10.25	10.51	8.40	half yearly	1	10,000-24,999	90
90-day	10.75	11.04	8.83	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	11.75	8.81	7.05	yearly	2	5-100,000	1 mth
Income bonds	12.50	9.93	7.94	monthly	2	2,000-100,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue♦	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	*5.01*	*5.01*	*5.01*	*not applic.*	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.96	11.53	9.22	monthly	1	2,500	0
Provincial Bank	11.05	11.59	9.27	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	12.59	10.47	9.27	half yearly	4	-	0
8pc Treasury 1992	*12.02*	*9.91*	*8.65*	*half yearly*	4	-	0
10.25pc Exchequer 1995	10.95	8.37	6.78	half yearly	4	-	0
3pc Treasury 1990	12.00	11.22	10.75	half yearly	4	-	0
3pc Treasury 1992	10.18	9.35	8.84	half yearly	4	-	0
Index-linked 2pc1992§§	9.65	9.14	8.14	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.♦ Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 5.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 *Paid gross*. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Sara Webb examines who gets what from the Government's Barlow Clowes pay-out

The nicest Christmas present of all

THE 18,000 Barlow Clowes investors, many of whom had feared for their life savings, did much better than they had hoped when the Government *announced a £150m compensation* package this week. Not only will they receive most of their money back but they will be compensated for lost interest.

All investors in Barlow Clowes Gilt Managers and Barlow Clowes International will qualify for payment, regardless of when they put their cash into the companies. But when it comes to calculating the losses, the scheme distinguishes between investors who withdrew interest from the various funds as it became payable (withdrawers), and investors who left the interest to accumulate in the funds (re-investors).

In the case of withdrawers, losses consist of the capital sum *invested at the time of the* last interest withdrawal plus interest calculated on that sum at the relevant rate for the period between the last withdrawal of interest and the liquidation. (Investors in BCGM have already been credited in the liquidation with a sum corresponding to this interest element).

For re-investors, the loss is determined by calculating the sum the investor would have received at the date of liquidation if the investment had been placed in a deposit account on the date at which it was invested in the company.

Interest will be calculated according to the long-term net rates offered by building societies during the relevant period, and compounded.

If any capital sum was withdrawn, then the balance on which interest was payable would be reduced from the date of withdrawal.

Likewise, if someone invested on more than one occasion, interest on the later instalments would run only *from the date on which the relevant investments were made.*

Investors who lost £50,000 or less – which covers the great majority – will receive 90 per cent of their money back. But the 200 or so who invested more than £50,000 will get back a smaller proportion. For sums between £50,000 and £100,000, it *will be 80 per cent;* over £100,000, only 60 per cent.

Interest at the relevant rate will then be applied to the reduced figure, calculated from the date of liquidation to the date of payment.

Letters were sent out this week to investors, who have about a month to decide if they should accept the Department of Trade and Industry's offer. The DTI hopes to make all payments by the end of February, although it might pay out for claims made later if there is good reason for the delay.

A condition of payment is that the investors agree to assign to the DTI all their rights in the liquidation and against third parties.

The Government's decision *to pay up coincided with publi*cation of a report from the parliamentary ombudsman, Sir Anthony Barrowclough, which was highly critical of how the DTI handled the Barlow Clowes affair. While the Government refrained from admitting fault or liability, it did acknowledge that a *large number of investors, many elderly,* had suffered hardship because of the collapse.

Peter Clowes, who ran BC

So, the payments to investors are more generous than expected – although not as generous for small investors as they would be under the SIB compensation scheme, which reimburses investors in full for their first £30,000 plus 90 per cent of the next £20,000.

The payments will not be subject to UK income tax since the interest rates are calculated on the basis of interest paid *net* by building societies. And they are not subject to capital gains tax unless an investor makes a claim to relief for capital losses.

The compensation might, however, have come too late for some people. In the 18 months since Barlow Clowes collapsed, a number of the unfortunate investors have died (although their estates will be able to make a claim). Others had to sell their homes and rent accommodation or go back to work in their retirement years.

George Tyson, 68, a clerk of works from South Ruislip, Middlesex, put £15,000 in Barlow Clowes in 1985. After the collapse, he said: "My wife and I have worked a lifetime at being thrifty and not being a burden on any form of social or government support.

"The loss of our savings was a severe blow to us both and has forced my return to work part-time. It's the only way I can support my hobby of trout fishing – when I lost all that money, I thought it would be too expensive to continue."

Another investor, Mrs E. Waters of Wirksworth, Derbyshire, added: "To retired people such as myself who trusted the investment to provide a reasonable standard of living, the collapse brought great hardship and distress at the wrong time of life . . . Little luxuries such as newspapers, holidays etc. no longer exist. I just have to be thankful that I can pay my household bills."

What many of these investors now have in common is a strong desire to steer clear of risky investments and stick to the safety of a building society or bank deposit.

Eric Short hears some good news from the life companies

With-profits contracts boost

WITH-PROFITS endowment *assurance policies have gone* out of favour as a savings medium with both the public and financial advisers, except when they are used to pay off a mortgage. Yet, for those investors who have saved through a with-profit contract for many years, and have lasted the course, there is good news from traditional life companies which market such products.

This week, Norwich Union and Commercial Union, two of the top with-profit life companies, announced substantial increases in their bonus rates. As a result, an investor who began aged 29 and has saved £30 a month over the past 10 years with the Norwich will receive £8,525 when his policy matures next year. This is a net yield, ignoring tax relief on the premiums and making no allowance for death cover, of 16.5 per cent a year.

Investors who put away £30 a month for 15 years will receive £20,331, a net yield of *16.1* per cent. Those *who lasted* the 25-year course will have accumulated £60,226, a net yield of 13.0 per cent a year.

These maturity values show a substantial increase over comparable payouts made this year – some 3 per cent higher for 10 years and 11 per cent higher for both 15 and 25 years.

Payouts from Commercial Union show a slightly lower, but still very good return, with corresponding payouts of £7,756, up nearly 2 per cent, for a 10 year term; and £60,159, up 14 per cent for a 25 year term.

The operation of with-profits contracts still remains something of a mystery for many investors.

Premiums are paid into a common life fund which is a mix of equities, property and fixed interest. The mix varies according to the investment manager's preference, the underlying liability pattern and the amount of free reserves available.

Investors get their rewards in the form of reversionary bonuses added once a year to the basic return provided under the contract plus a terminal bonus added when the policy matures.

Such bonuses are declared on the advice of the life company's appointed actuary after he has completed his annual *valuation of assets and liabilities.* The bonuses reflect primarily the underlying investment performance of the fund with the market fluctuations smoothed out, together with profits from other aspects of the life company's operations.

1989 has turned out to be a very good year for equities around the world. The UK equity market has shown two distinct patterns with the share prices of the major companies buoyant, while in contrast the share prices of smaller companies have been held back by the deteriorating economic conditions.

However, the core holdings of the traditional UK life funds consist of the major companies, with smaller company investment being a peripheral holding. As such they have done well with both their UK and overseas equity holdings in 1989.

Property investments have also done well over the past year, while fixed interest investments have not done too badly.

Norwich Union is a heavy investor in property and over the past three years 1987-89, the returns on its investments have been 15 per cent on equities, 24 per cent on property and 11 per cent on gilts.

So far, so good, for those *investors with contracts* maturing next year, But what about those investors with contracts maturing in later years?

Reversionary bonuses, *once* declared, become guaranteed, though future reversionary bonuses are not. So each year, investors see the guaranteed value of the with-profits contracts grow as each bonus is declared.

But terminal bonuses, by *their very nature cannot be* guaranteed. Investors have to wait until the time their contract matures before they know what the terminal bonus will be.

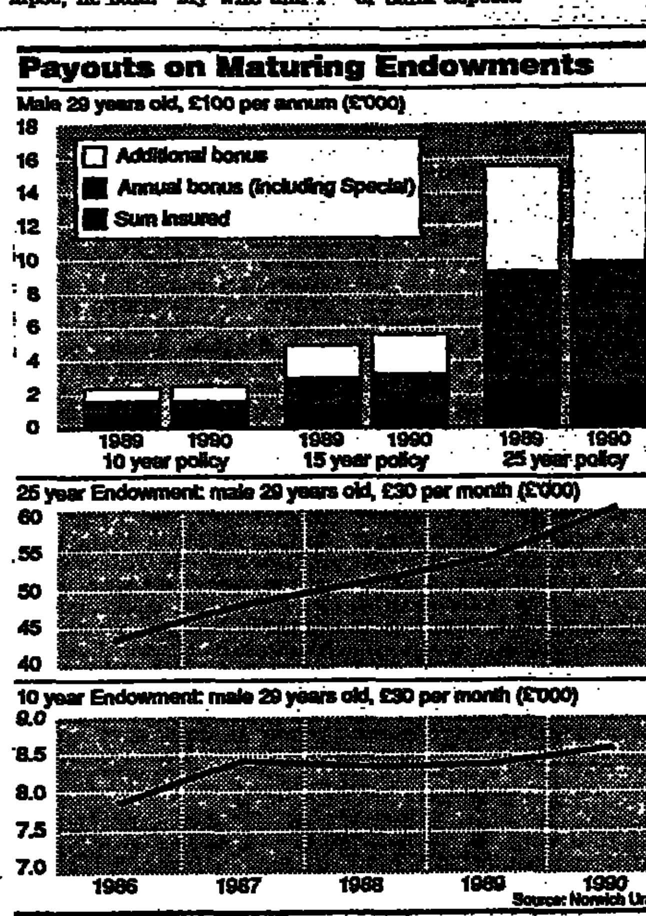
Terminal bonuses now form an important part of the maturity value. Indeed, with companies like Standard Life, it accounts for 60 per cent of the maturity value.

Norwich Union and Commercial Union both adopt a bonus strategy that puts more emphasis on the guaranteed element of with-profits contracts.

So much of benefit of the investment performance this year from both these companies goes to investors in the form of special reversionary bonuses, thereby benefitting all with-profit policyholders. However, terminal bonuses are also being increased.

The buoyant investment conditions have resulted in *steadily rising maturity values* as seen from the accompanying graph for NU contracts. Indeed, with-profits contracts provide a greater return to investors than building society investments with comparable security providing investors are prepared to hold the contract for at least half the term.

Payouts on Maturing Endowments



For example, an investment of £30 a month over 10 years in a 90-day building society account would have accumulated by January 1 1990, to around £5,700 for a basic rate taxpayer compared with the 10 year with-profit from NU of £8,525 net of tax.

The problem as far as with-profits investment is concerned is the lower surrender values paid on early cash-in.

Terry Dodsworth reports on a sector that's looking good

Investment trusts surge ahead

SAVERS WHO put their money into investment trusts in September last year stood an excellent chance of out-performing the UK equity market.

Three out of four of Britain's 200-odd trust companies registered price increases of more than the 23.6 per cent achieved by the FT Actuaries All-Share Index in the 12 months since then; and, according to the latest annual review of the sector from Laing & Cruickshank, just six saw prices fall. This is unambiguous evidence of the greatly renewed interest now being enjoyed by investment trusts – companies which invest in the shares of other public groups – after years of neglect.

Some of the most successful companies have shown dramatic price advances of well over 100 per cent. These were mainly specialist groups with a strong emphasis on investment in the Far East, which has produced an above-average batch of high performers. But strong increases were also scored by the more widely based general funds *at the heart of the* investment trust sector.

With this new surge of popularity has come a sharp reduction in the discount at which investment trust share prices stand in relation to their underlying portfolio assets.

According to the Laing & Cruickshank figures, the discount has dropped this year to its lowest point since 1975, a full 10 points below the levels of the early 1980s. In the past year alone, measured from September to September, it has fallen from 22 per cent to 16 per cent.

The question now facing investors is whether this narrowing discount signals a continuing resurgence of interest in the trusts. One bearish point for the sector is that prices have to some extent been driven up over the past two years or so by take-over and re-organisation activity. Insti*tutions have been able to* buy out the other shareholders in the trusts, then realise the assets or take them into their own portfolios at a profit. At present discount levels, however, this sort of activity is becoming less attractive after allowing for costs.

For this reason, investment trust specialists are agreed broadly that private investors *should not in future be looking* for attractively-priced takeovers in this sector.

At best, says Peter Walls, a Laing & Cruickshank analyst, the institution-led restructuring should put a floor under prices. Robert Angus, of Wood, Mackenzie, adds: "*Take-over activity is yesterday's story.*"

Both Walls and Angus believe, however, that investment trusts will continue to perform strongly so long as the stock market overall does not go into a serious retreat. They argue that trusts will increasingly become vehicles for private investors – the purpose for which the funds were designed originally about 100 years ago.

Hence, prices should be *under-pinned by this renewed* interest by individual savers, with the discount quite probably narrowing further.

Among the reasons given for this change in sentiment are:

■ The trusts have begun to sell *themselves* harder. About 90 of them now offer facilities for investors *to* put aside regular savings in schemes arranged directly by the trusts themselves.

According to the Association of Investment Trust Companies, the value of shares bought in this way rose from £89,500 in 1984 to £22.5m last year. Takings more than doubled in the nine months to September, when they had reached £45m.

■ Interest is being stimulated by growing sales through independent financial advisers. In the past, trusts have avoided this sales route because of the cost of rewarding intermediaries, who earn around 3 per cent commission for selling unit trusts.

By contrast, investment trusts have relied on low-cost dealing to attract investors whose expenses were limited to *brokers' fees.* Some trusts are now moving towards an agency system, however, because of the increased exposure this gives them to private investors.

■ The present Government's tax changes have worked to the benefit of trusts because of the increasing bias of the income-tax system towards investment in the equity market.

There are various elements in this stimulus. One is the greater amount of income available potentially for saving among higher earners following the cut to 40 per cent in the top tax rate, and another is the *£5,000 of profit that can now be* taken free of capital gains tax.

In addition, personal equity plan (PEP) provisions, which also allow tax-free dividends and capital gains, are beginning to help. Following the last Budget, PEP savers can now put £2,400 a year into investment trusts provided these funds hold 75 per cent of their equities in the UK – a provision that applies to about 45 trust companies.

A further boost should be given to equity investment next year by the switch to independent taxation for married women. This change will favour investment income which is not taxed at source, as well as encouraging taxpayers to take income as capital gains.

Trust fund managers can also claim solid returns to investors over the years. According to industry figures, *the trusts have tended to out*perform unit trusts, partly because they are less expensive to administer. Over the 12 months to September, net asset values of the investment trusts rose on average by 24.5 per cent, running 1 percentage point ahead of the UK equity market as measured by the All-Share Index.

Private investors considering a switch into trusts should, however, consider some downside factors as well. One is the gradual erosion of the discount, which means that the opportunity for above-average price increases is declining. Investment trust managers could perform brilliantly but prices would still show no improvement if investor sentiment towards the trusts went into retreat.

Another issue is the increased marketing effort by the trusts. In one way or another, this will mean a higher expense for investors, thus reducing their returns.

Finally, there is the question of government policy. While the present administration has tried *to boost equity* investment through the tax system, there is no reason why this *trend should continue if there* is a change in Westminster.

Time to check your answers . . .

EXPATRIATES

1 (a) 40% (b) 40% (c) 40%. (a) 75% (b) 30% (c) 75%

2 (a) Interest on exempt British government *securities.* (b) Commercial pensions deriving from service which was substantially overseas. (c) Certain former colonial government pensions now paid by the British Government. (d) Salaries from a qualifying period of overseas service which exceeds 365 days. Sources exempted under double taxation agreements (usually interest, royalties, annuities and commercial *pensions*).

3 Only if either: (a) basic rate tax is deducted from the interest and paid over to the Inland Revenue, or (b) the lender carries on a bona fide banking business in the UK and can certify that the interest is payable – whether or not paid – there.

4 No, unless the income exceeds the basic rate band – now £20,700. For while all UK residents are entitled to allowances, each non-resident partner would need to qualify separately for relief (UK and Commonwealth citizens being the most important class).

5 Yes. If the overseas service amounted to 75 per cent or more of the total (lesser proportions for service exceeding 10 years), all of it. Oth*erwise, the proportion relative to over*seas service. Plus, in any event, £30,000.

6 Yes – unless you are a seafarer. Generally, liability will be eliminated only if your service overseas amounts to a qualifying period exceeding 365 days. For it to do so, visits to Britain must not exceed 62 consecutive days (which they do) or one-sixth of the days in the period. For a seafarer, however, the limits are 90 consecutive days and a quarter of the days in the period.

7 If you have been not resident and not ordinarily resident in the UK for 36 months by the time you return. Failing this, that residence is resumed on April 6 (ie, the sale was in a previous tax year).

8 False. In certain circumstances liability can arise on the disposal or transfer overseas of assets situated in the UK and used or *held* for the purposes of a trade or profession carried on through a branch or agency there. Also, on termination of the trade or profession concerned.

9 The effective date of an unconditional contract to sell.

10 Offshore umbrella funds. Switches between funds are now regarded as disposals giving rise to a liability to capital gains tax (distributing funds) or income tax (non- distributing funds).

11 None – the proposals were dropped.

12 January 1 1974.

13 No. When the transfer is made by a spouse who is domiciled in the UK in favour of one who is not, exemption is limited to £55,000.

14 No. Having once been domiciled in the UK, the status is deemed for inheritance tax to continue for three years after its cessation for all other purposes.

15 (a) 52 weeks. (b) Three years, extendable to six if you have an expectation of returning to the UK.

16 *Among UK non-residents, only* Crown servants do so. But many who regard themselves as expatriates, including non-working wives, remain resident technically and, in consequence, also qualify.

17 Yes, if the account is treated by the Inland Revenue as having an overseas situs. Otherwise, no.

18 (a),(b) and sometimes (e) in the case of single-ownership joint life bonds.

19 Whether the intermediary is an independent adviser or single company representative; that your adviser is bound by the rules of FIMBRA and must explain the product, risks, costs and benefits – and your right to change your mind; that the company from which you buy a product will provide full details including payments, benefits, expenses, charges, commissions and – if appropriate – discontinuance charges.

20 Generally, yes, but there are a few *exceptions* and some classes of business – such as UK authorised and offshore recognised unit trusts – can be undertaken on the basis of an unsigned terms-of-business letter.

ANIMALS

ALLIGATOR: A spread in the options market that eats the investor alive with high commission costs.

BEARS: People who think the prices or values of investments are going down.

BULLDOG: A sterling-denominated security issued by sovereign states other than the UK.

BULLS: Investors who feel that market prices and values will increase.

BUMBLE BEES: Employees who change jobs frequently to obtain financial inducements.

CATS: Computer-assisted trading system or discounted zero coupon bonds.

KILLER BEES: Investment bankers who devise ways to help companies fend off takeover bids.

MONKEY: £500.

PONY: £25.

PORCUPINE: Corporate charter or by-law provisions designed to deter take-over attempts.

SHARK WATCHERS: Consultants who observe trading patterns to help companies identify buyers of their stock.

SNAKE: The European Monetary System.

STAGS: Investors who apply for a new share issue in the expectation of making a quick killing as soon as dealings begin. Also, Sterling Transferable Accruing Government Securities.

TIG(E)RS: Treasury Investment Growth Receipts.

ZEBRAS: Discounted zero coupon bonds, similar to Cats.

CITY

1 Consolidated Goldfields, which fought-off Minorco only to be taken over by Hanson.

2 Morgan Grenfell.

3 Ferranti.

4 Lord Boardman, former chairman of National Westminster Bank.

5 Kingfisher, by bidding for Dixons.

6 James Goldsmith in the bid for BAT.

7 Abbey National.

8 The battle by Trust House Forte to take over the Savoy group.

9 In Edinburgh, when the Britannia Building Society completed the takeover of FS Assurance.

10 Courtaulds, which decided to hive off its traditional textiles division into a separate company.

11 Saatchi and Saatchi.

12 AMP, the Australian life company which won its fight to take over Pearl Assurance.

13 Eagle Trust.

14 The brewing companies, who succeeded in persuading the Government to water down the recommendations in a Monopolies Commission report.

15 GEC and Siemens, in concluding the takeover of Plessey.

16 Eurotunnel, where the costs of construction rose steeply.

17 Isosceles, in winning the battle for the Gateway group.

18 Templeton, the investment group, which agreed a deal to manage the Time Assurance Society's funds.

19 'Tiny' Rowland, head of the Lonrho group; its Sunday newspaper, the Observer, ran constant stories about the El Fayeds, owners of Harrods department store.

20 Nigel Lawson, who resigned as Chancellor of the Exchequer after Prime Minister Margaret Thatcher refused to sack her economics adviser, Professor Alan Walters.

TAX TEASERS

1, c; 2, b; 3 c; 4, c; 5 d; 6 b; 7 a; 8 d; 9 c; 10 b, c and d.

THIS IS the season to sit deep in an armchair, sip a glass of port and contemplate magnificent schemes that will change your life-style and make so much money for you that it will be delivered in wheel-barrows (writes ROY HODSON). In real life, a great number of the small business adventurers I meet when doing this page started their new careers by facing up to the unwelcome need to change. They were forced by circumstances to make tough decisions and find a new way to make a living. But harsh truths need not stop us dreaming of owning and running activities that will be congenial, not too taxing and, naturally, highly profitable.

Such dreams call for an occupation which provides its own distinctive life-style, and the antiquarian market seems to fit the bill admirably. *So, let's top up the port and think about a cultured* life dealing in old books and antiques: a life such as that led by Rick Gekoski, an academic who became a dealer in rare books and manuscripts.

The don who began dealing to support his book habit

WHEN RICK Gekoski, an English don at the University of Warwick, announced – aged 39 – that he was retiring from the academic life to buy and sell rare books, some of his colleagues said he was lucky to be able to make the change because he had a business of his own to which he could go. His reply was that any one of them could do the same.

He pointed out that had nothing tangible upon which he could lean to support himself, his wife and their two children. He was simply taking a calculated gamble that he had the skill and the wits to survive by trading.

Gekoski had tested the water by starting to deal seriously a couple of years previously. As he put it: "If you are a keen collector with a fondness for rare and interesting books, and you have only a university lecturer's salary with which to indulge your interest, then you are virtually forced to start *dealing to support your habit.*"

In his case, he made a remarkable discovery early in his transactions – he found he actually *preferred* dealing in rare books and manuscripts to collecting them. That knowledge has served him well. His turnover has reached £350,000 this year and he expects to top the £500,000 mark in 1990.

Born on the east coast of the US, Gekoski gained a D. Phil. at Oxford before settling into a teaching career at Warwick which was to continue for 14 years. Even at Oxford, he couldn't resist buying occasional books for about £1 and selling them on for £2 or £3.

"Although I didn't realise it at the time, I was getting a great training in business," he says. He also made a number of mistakes during his early deals and believes that they provided him with the most valuable experience of all.

His first real cash-raising exercise was about seven years ago when he wrote a catalogue of a small collection of his own books which he had decided to sell. His speciality (to which he has remained faithful ever since) was English and American literature of the late 19th and 20th century – a period which he pins down as "from Henry James on." That first sale went well.

Friends in the trade advised him, however, that he would be judged as a dealer on whether he could repeat the performance every six months or so with a fresh catalogue. So, he quickly settled-in to a disciplined trading pattern of producing two catalogues a year. Each listed about 250 books – worth, in total, about £50,000 – which he hoped to sell before buying for, and working on, the next one.

The catalogue was sent to about 1,500 potential customers in two main categories: institutions and private collectors. By the time he decided to quit Warwick in 1984 to become a full-time dealer in rare books and manuscripts, his sales were touching £60,000 a year, and generating an annual pre-tax profit of about £10,000.

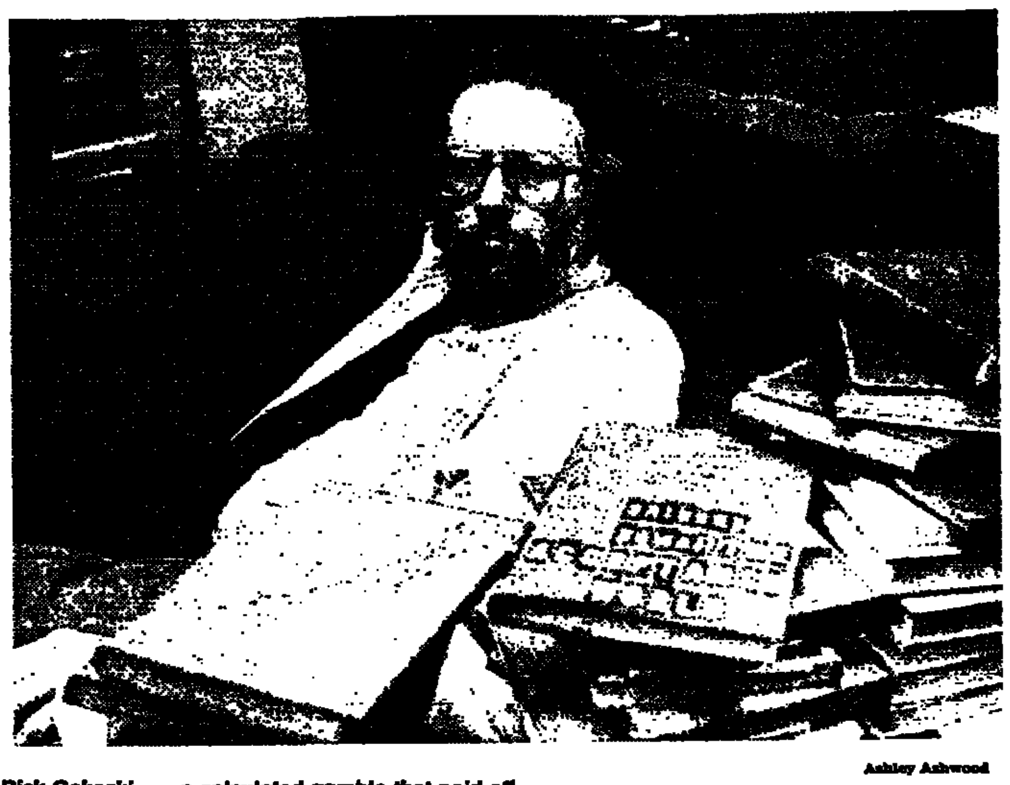
As the business has prospered during the past four years he has, he says, "concentrated on doing the things I am good at, such as lunching and dining with people." He is determined that dealing in rare books shall be an enjoyable as well as a profitable occupation.

Towards that end, he is sometimes prepared to take risks with books – and, occasionally, lose money on them.

"It is the risk-taking that makes running a small business like mine rather special," Gekoski says. "You have to buy good material even if you feel you are paying too much." He buys 45 per cent of his books from private owners, another 45 per cent through the book trade, and the remainder from auction houses.

Although Gekoski has built up, in a short time, the sort of turnover many a bookseller would envy, he does not himself have any ambition to own an antiquarian bookshop. He prefers to keep his stock in London premises and work with just two assistants, one permanent full-time and the other part-time.

He has no desire to be the custodian of rooms full of fine volumes. Rather, he strives to keep his stock small – at under 1,000 volumes, worth in the region of £150,000. "From a business point of view, stock consists of books you can't sell," he says. Indeed, he sees selling as the hardest part of the job and one that requires constant effort. His mailing list has grown to more than 3,000 names and he is looking for new clients all the time.



Ashley Ashwood

Rick Gekoski . . . a calculated gamble that paid off

In the past year, he has twice been offered capital to set up a shop. He has, however, taken a policy decision "never to be a big West End bookseller. That way, I can generate freedom to travel, write [he has written a book on Conrad and is just finishing his first novel], or play golf and tennis."

■ *R. A. Gekoski, 33B Chalcot Square, London NW1 8YA (tel. 01 722-9037).*

Ian Hamilton Fazey provides some tips on keeping the bad times at bay

When even the fittest need help to survive

THERE ARE two types of help needed in small business: emergency or long term. It is akin to physical repairs to cars or machinery: breakdowns require immediate assistance, but regular maintenance should have prevented most of them in the first place.

The distinction could be important in the next few months for, if the signs are to be believed, there really could be bad times just around the corner. People with businesses which are breaking down may well get an unsympathetic hearing from their bank managers if they have not been prudent with the "maintenance" side of their operations.

Many businesses which have been squeezed already by high interest charges are beginning to find that banks want to reduce loans to small firms. One prudent trader who had eliminated a business overdraft of only £8,000 from his deposits was asked last month by his bank manager if his £10,000 overdrawing facility could, therefore, be cancelled.

In spite of assured cash flow for two-thirds of his sales, the trader had to argue to keep the facility at £3,000 – about three weeks' turnover – as a cushion against the possibility of slower payers, another hazard of tighter times. Five years ago, the account opened with an overdraft limit of £5,000, then worth seven weeks' turnover – a figure which the bank had suggested was "small."

The directors of one small heating and ventilating business in Birmingham were invited to see their bank manager two weeks before Christmas. He asked them what contingency plans they had made for the first half of 1990. When they revealed there were few, he criticised them for taking too much out of their business while it was booming during the past three years.

Each had bought a large house and a big BMW car, but the business itself was showing low growth in net assets to finance any down-turn. The bank would have to bear the strain.

The bank manager called in their overdraft and shut them down that day. The BMWs will have to go towards meeting personal guarantees and the directors may have to trade down their houses. Their printer, to whom they owe £800 and who passed on this unhappy tale, will have to live with the bad debt.

Although anecdotal, such stories are products of a general business climate. The Government hopes it will improve again within the next 18 months, but businesses have to survive until then.

Any business without a blue chip's clout could be at risk. Richard Marshall, a venture capitalist who runs the March Investment Fund in Manchester, says: "We are looking at a lot of financial reconstruction packages for over-geared companies.

"Companies wanting more overdraft from their banks are not only having applications turned down but they are having existing overdrafts called in or facilities reduced." Entrepreneurs should, therefore, know where to go for help if they need it.

Len Collinson is chairman of management consultant Collinson Grant in Manchester, a member of the Confederation of British Industry's north-west regional council, and was on the CBI's small firms council for the maximum term of six years. "People don't use the help that is available," he says. "They pretend the worsening times are going to go away on their own and they get in their trenches with their tin hats on and their heads down. By the time they start looking for help, it's too late." He thinks people should be as entrepreneurial about seeking help as they would be about expanding their markets.

So, where should people go and what should they do? Since banks want to minimise their own risks in case of a recession, the bank manager might not be the best person in whom to confide if you are in trouble.

Ron Halford, director of the Community of St Helens Trust – Britain's first enterprise agency – says organisations like his will always be a useful first port of call. He has found a steady decline in start-up enquiries recently, with a switch towards help in planning future expansion or emergency repairs to the finances.

Some enterprise agencies – such as those at St Helens, Bolton, Leeds, Hartlepool and Macclesfield – are better than others because of resources available or the experience of the staff, but there is a network of 300 in Britain with ready access to local professionals who can offer independent advice.

Collinson says that a small business's accountant ought to be the person to approach first. The past 10 years have seen all professionals develop a better network among themselves, so accountants have ready access to people running venture funds or to more sympathetic bank managers.

Businesses in trouble are not the only ones which should now be seeking help, though. In prosperous times like the past few years, slackness might creep into any organisation because increasing levels of turnover and profit mask deficiencies. Collinson says: "Now is the time for everyone, however small their businesses, to look for accumulations of fat that may have deposited during the good times. People should look at their costs, sales prospects, expenditure, and future sources of funding. It's very much back to basics. The fit will survive and do well again in the 1990s."

This is where the "maintenance" side of help comes in. Some of the best is the subsidised consultancy available from the Government under Enterprise Initiative. This covers business planning, design, financial and information systems, quality, manufacturing and marketing.

Any individual, partnership or company with fewer than 500 employees can apply – and that includes one-person small businesses. An enterprise counsellor provides an initial review and screening for what is needed most, with between five and 15 days of specialised help thereafter.

There is, however, an almost bewildering range of other help available. Enterprise agencies will have information about most of it, especially anything that is for local applicants only – such as northern businesses in coal, steel or fishery closure areas where almost anyone likely to create new jobs will be helped.

After a narrowing-down process that has gone on for several years, there are also two very good, regularly up-dated sources of information into which people can dip for themselves. One is an easily digestible over-view and the other is so comprehensive it now runs to more than 200 pages.

Public Money for Business Projects is available from Collinson Grant, Colgran House, 20 Worsley Road, Swinton, Manchester M27 1WW (tel. 061 793-9028) at £2 including postage.

National Westminster Bank's *Official Sources of Finance and Assistance* is on computer at branches or obtainable as a book for £18 through NatWest Business Information Section, 6th Floor, National House, 14 Moorgate, London EC2R 6BS (01 726-1000, ext 1249).

Local enterprise agencies come under the umbrella of Business in the Community, 227A City Road, London EC1V 1LX (01 253 3716), which publishes a directory of them and their services.

A time for the taxman to pay

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I WORK full-time for a large company but have just started a small business part-time. Can I claim back any tax from my PAYE for expenses and capital outlay (vans/car) under the business start-up rules? I intend to carry on with both activities for the foreseeable future. I am also in a company pension scheme.

■ In principle, the answer is yes – but everything depends upon the precise facts and figures, of course. Ask your tax inspector for these free pamphlets: IR28(1988) – Starting in Business; and CA1(1973) – Capital Allowances (with later supplements).

A note of caution

WILL YOU please advise me about the risks of transferring stocks and shares out of my name into nominees. My broker stresses the advantages including savings on costs and administration, the simplicity of transferring stock, and the ease of settling within the soon-to-be mandatory five days. But my solicitor urges caution, and the Stock Exchange complaints' section mentions the theoretical risks of broker default and insolvency.

What protection is there against insolvency? Are shares held in nominees part of the assets of the holding firm? If a firm and a client both hold the same share in nominees, and the firm goes bust after borrowing against its stock holding, might the client's share be vulnerable to creditors? Do all possible signatories of a transfer form have to be members of the Stock Exchange, thereby allowing access to its compensation fund, if required?

■ There is justification for the cautious advice you have received, if you want full protection. It can be very unclear how any given nominees actually hold the shares registered in their names and, frequently, there are different categories of holdings.

It is by no means certain that all nominee holdings are not vulnerable to creditors: there can be considerable difficulty in identifying any particular client's block(s) of shares clearly enough to claim that they are impressed with a trust. If that cannot be established, the shares will be part of the assets of the holding firm.

Letting a cottage

IF MY WIFE were to let our self-contained former staff/granny cottage (hitherto in family use) for holiday and other short lets, while we continued to make use of it occasionally for guests, children etc., would the profit count as her income (we own the whole property as tenants in common) and be taxed accordingly?

If it were treated as my wife's earned income by virtue of having sufficient holiday lets, would my wife have to pay National Insurance contributions (she has no other earnings).

And what would be the position regarding (a) the community charge and (b) CGT?

At present, the cottage is not rated separately and will probably be needed again for family use in two/three years' time.

If she were to offer breakfast, in addition to linen and cleaning, would this alter the situation?

■ Since you own the property jointly (as tenants in common) the income would belong to you in equal shares.

If your wife made a separate charge for providing meals etc., then the profit from that would belong to her (assuming that you neither subsidised her nor shared in the profits from her separate activities.

Your wife might become liable to pay class two NIC (subject to her right to claim exemption, in advance, by reason of small income from self-employment) and possibly class four if the profits were high enough. Do not forget the VAT angle if the receipts look like being high enough.

There should be no community charge consequences on the bare facts outlined. There would probably be a liability to business rates.

As to whether the cottage is part of your residence, some cases have gone in the taxpayer's favour and some not, when the property in question had been sold and CGT had been charged.

This is one of the points you should discuss with your solicitor (in the light of the decided cases and the precise facts) when the time comes.

Taken on trust by the Revenue

WITH THIS year's tax return, I have to give details of equity transactions because I am trying to establish a capital loss for setting against future capital gains. Also, the total sale proceeds are more than £10,000 so I would have to give details anyway.

I have produced a list showing all the calculations for the shares I sold – acquisition value, instalment payments, rights issues, indexation for inflation, etc. I have produced a similar list for the traded options I bought (some of these expired worthless).

Do I have to enclose documentary evidence of everything now with the tax return, or do I just enclose my lists and send the documents when I am asked for them? And when I do send evidence, such as contract notes, can I send copies or must they be the originals?

I can produce purchase and sale contract notes for those shares I bought and sold through a broker (both fully- and partly-paid). But I have no equivalents of contract notes for those shares I acquired in privatisation issues, nor for the instalment payments for them. Likewise for some new issues, rights issues and dividend shares. Is evidence needed for those situations, too? If so, how or what?

Then there are the traded options. I do, of course, have sale contract notes for those I sold, but not for those that expired worthless. How can I prove that I did not sell them?

The loss I wish to establish is, in fact, not a loss on equities alone. Rather, I made a gain on equities and a larger loss on traded options. I hope I do not have to set the loss on traded options against future gains on traded options only, because I do not intend to trade in options to that extent in the future.

I am assuming that I am allowed to combine the gain on equities with the loss on traded options to produce an overall loss which I can set against future gains in either equities or traded options or both. Is that assumption correct?

One isolated question about dividend income, for which I have also made a list: do I have to enclose the tax credit counterfoils of the dividend cheques, and must they be the originals?

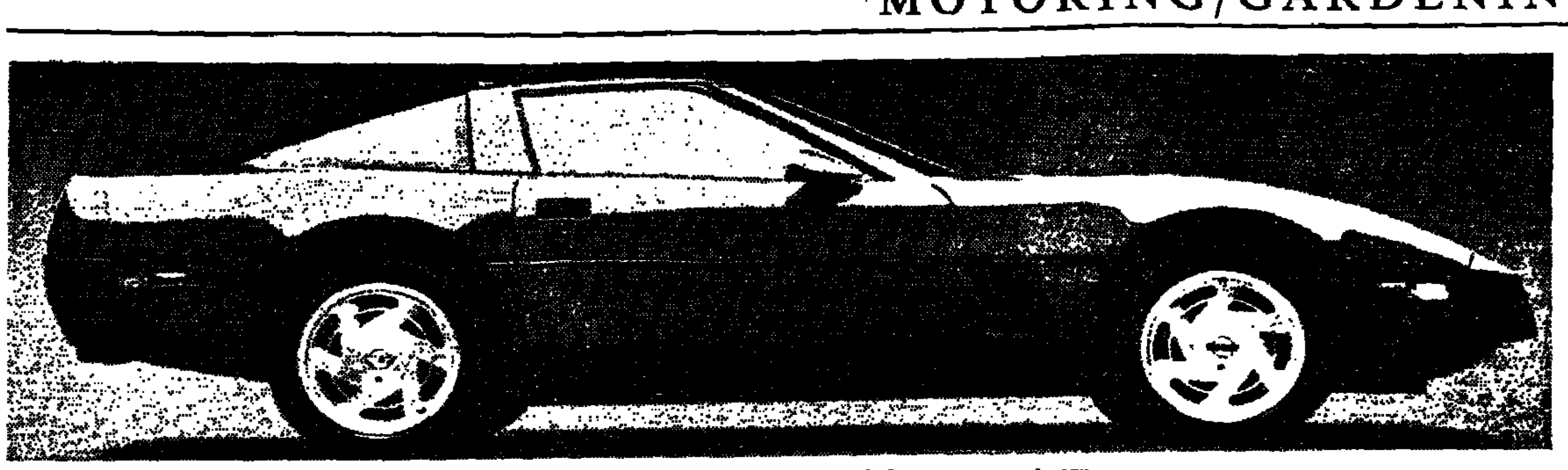
■ You do not have to send any documentary evidence unless it is asked-for, and it is unlikely that you will, in fact, be asked to produce any. As there are substantial penalties for making false statements, the Inland Revenue generally believes what taxpayers say: without this basis of trust, the tax system would be much closer to administrative breakdown than it is at present.

Inland Revenue officers are generally more trusting than their colleagues in the Department of Social Security, for example, which could be one reason for the resistance in both departments to the pressure for integration of social security tax with the general income tax system.

Yes, losses on traded options are treated in just the same way as losses on equities. (We have assumed that you are talking only about traded options on the international exchange – the London Traded Options Market. Please come back to us if this assumption is incorrect, as the answer might be slightly different).

As you mention instalment payments on privatisation offers, perhaps we should remind you that the indexation relief on such instalments is calculated from the day on which you acquired the shares (and not merely from the time when each instalment was actually paid). This rule is to be found in section 87(5)(a) of the Finance Act 1982, if you wish to check it in a local reference library.

The tax credit counterfoils for your dividends have to be produced (for cancellation) only if you are claiming payment of the tax credit: e.g., if your personal allowance etc. exceeds your untaxed income (if any). In this situation, you must produce the original vouchers – but only enough vouchers to cover the amount of credit which you are claiming in cash.



Chevrolet's racy Corvette ZR-1 . . . It showed that the Americans really can make a world-class super-sports car

Nice cars, pity about the traffic

Stuart Marshall reflects on his driving year and admits he sometimes takes the train

LOOKING BACK over my motoring year, *what stands out most?* The sheer, grinding increase in traffic, for one thing. Putting the fourth lane in the most heavily-used south-west segment of the M25 London orbital motorway took an age. Now that the work has been completed, it has made getting to and from Heathrow airport a little quicker but, above all, more reliable. And journeys involving the M1, M3 and M40 have benefited, too.

Going north of the Thames (or returning from it) via the Dartford tunnel remains a lottery, but the rate at which the new bridge is being built promises relief soon. By that time, I suppose, adding the promised fourth lane to the rest of the M25 will have started more long years of aggravation.

Driving to London and trying to find somewhere there to park legally has become an exercise of such frustration and absurdity during working hours that, mostly, I use the train. It is now a more attractive alternative. In truth, many car journeys, especially in the overcrowded south-east, are something to be endured rather than enjoyed these days. *Having said that, I did have a* few drives to remember in 1989.

Two were in Scotland, where the scenery is magical and the roads in the remoter areas as uncrowded today as they were in the south 30 years ago. I found out just how safe an *Audi quattro 90 could feel* when driven briskly (but responsibly) through the Pass of Glencoe in a fierce downpour. And, a few weeks later, how *glorious it was to go* motoring in a traditionally British four-litre Jaguar through sunny Deeside.

There were some good trips across the *Channel*, too. One was in near-tropical temperatures from Tours to Calais, rushing along the autoroute in silent, air-conditioned splendour in a BMW 750i.

Another was in a new Mercedes *SL convertible from Lisbon* to the Algarve. I had left England in a heat wave, only to find Portugal cold and wet. But the world's best automatic hood made the weather seem unimportant. I flipped it up and down between showers, enjoying alternately saloon car comfort and fresh air (as you can experience it only in a soft-top) at speeds I prefer to *keep my own counsel about.*

I wouldn't pretend for a moment that driving the cream of the world's cars is not an agreeable way of earning an honest crust. But there are difficulties. For example, how do you assess properly the value and merit of a car with a designed top speed of, say, 160 mph (255 kmh) without putting your head perilously close to the block? Not, of course, that all the cars I test – or which impress me most favourably – are costly high-performers. One of the first of the 50-odd I have driven this year for well over 30,000 miles (48,200 km) was anything but.

It was the Rover Group's *Montego turbo-diesel* estate. At low speed its direct-injection engine grumbled loudly, but at a motorway cruise it ran like a petrol-engined vehicle. The *gearing was on the high side so* the box had to be used energetically, but no other car of its size, diesel or petrol, can match the Montego TD for fuel economy. Like the new *Land Rover* Discovery, also offered with a *direct-injection* diesel engine, I rated the Montego TD a pleasant surprise.

MERCEDES models *took me on two* long return journeys this year: a 300TE with 4-MATIC transmission to Geneva, and a 300SE to Frankfurt. Alas, there was no snow on which to explore the *4-MATIC's extra grip, but the* car's feeling of security and solidity was tangible. The 300SE is a veteran among senior businessmen's luxury saloons – *its replacement is* due next autumn – but it still sets the standard against which rivals are judged.

Different completely, but as memorable in its own way as the Mercedes SL, was the Chevrolet Corvette ZR-1. Powered by a massive, Lotus-developed, 32-valve V8 linked to a German six-speed manual gearbox, the ZR-1 showed that the Americans really can make a world-class super-sports car.

Further proof that the best in sports car design is no longer a European monopoly came later in the year. I had a stimulating afternoon trying Nissan's latest ZX300 and the four-wheel driven, four-wheel *steered Skyline GT-R (this one* is not for export) on a private handling circuit in Japan.

The two cars that made the greatest impression on me both were *Japanese, but at opposite ends of the size/price spectrum.* The Lexus LS 400 is Toyota's bid to beat the likes of BMW, Mercedes and Jaguar at their own game. It is a brilliant car, with everything in its favour *except the status that comes* only with maturity.

Mitsubishi's Dangan ZZ (the word means bullet in Japanese) is hardly larger than a Mini. It has a three-cylinder, 15-valve, turbo-charged and *inter-cooled engine of 550 cc* capacity. There is room for up to four adults, or space for two plus their golf clubs and trolleys. The Dangan is solely for the Japanese home market but just one has been imported into England, where I drove it for a week. It created so much interest that I could have sold it a dozen times over.

Other cars to have made a *good impression in the past 12* months were the new Nissan Prairie people-mover, with 4WD and automatic transmission; the Mitsubishi Galant saloon, with 4WD and four-wheel steering; and the Lancia Y10 *Selectronic*, an ideal town car with a new and smoother kind of continuously variable transmission. Plus, of course, the Citroen XM, chosen predictably and overwhelmingly as European Car of the Year for 1990.

It would be nice to record that all the progress in the hardware of motoring has been matched by advances in driver *behaviour. Sadly, it has not,* although road casualties have continued to decline despite traffic growth. Still, one small victory for the cause of reducing atmospheric pollution and road danger has been the Gov*ernment's announced intention* to ban straw burning in fields from 1992. About time, too!

My own personal mini-campaign against the seemingly unrestricted growth of the pavement parking habit has *got nowhere*. I am, however, encouraged to learn that the Pedestrians' Association is on my side. It wants pavement parking to be included under *the Government's proposals to* curb the litter problem.

After all, says the association, vehicles littering paths are more than a visual intrusion. The damage they do to pavements is held to make *500,000 pedestrians trip* and injure themselves each year.

They're dreaming of a green Christmas

Robin Lane Fox keeps an eye on the Sloane-Wallys

THE CHRISTMAS Report from the Sussex Old Rectory, where Julian and Veronica *Sloane*-Wally have been making their new country garden, wears an unaccustomed tinge this year. It all began with a mid-summer visitor.

She was one of many, most of whom asked about the name of the Pink Perpetue roses flowering in bright carmine against the upper brick facing of the rectory's walls. The purple-leaved acers in the Sloane-Wallys' White Garden were also a talking point: white, Julian insists, is a concept that can be taken *too far. In July, however, they* found themselves in new territory. Valerie called, and was not in the least interested in the new dazzler achilleas from Germany: she wanted to know why the Sloane-Wallys had so many bonfires.

The answer, they told her, was quite simple. A bonfire was a team effort to which *husband and* wife could both contribute, and it rounded off the weekend with a sense of achievement before Julian drove back to the new *pied-à-terre* in west *London*'s trendy Holland Park Avenue on Sunday night. But Valerie looked so pained at this explanation that Veronica thought she might be a neighbour about to make a *fuss over the smoke, and* offered to show her the rest of the rectory garden.

What caught Valerie's attention was most odd. She had no time for the Princess Michael of Kent roses, even though they were in full bloom. The lilac arch went without comment and she walked straight past the silver- and gold-leaved border which has been the Sloane-Wallys' little venture since Easter. Instead, she was fascinated by the contents of the tool shed.

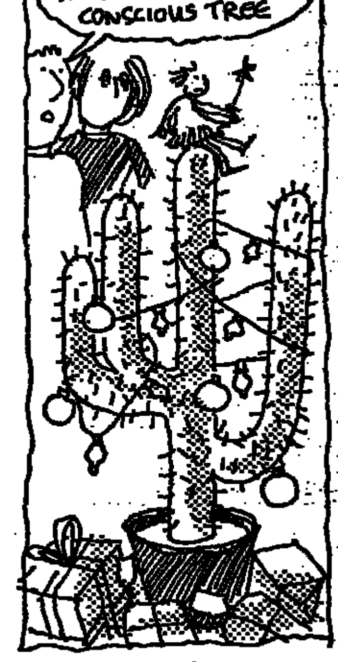
She had the nerve to switch off the garden sprinkler (the drought was beginning to hurt Veronica's young double-flowered snapdragons) and it really was the limit when she suddenly asked Veronica what she had sprayed on her designer *hair-cut before lunch. With* hindsight, it was particularly unfortunate that, before Veronica could answer, they found Julian eating a tuna salad and downing a can of beer on the new wooden garden seat.

"God!" Valerie exploded. "Do people like you simply not care?" In a moment, Veronica thought, she will *have started on Mrs Thatcher* and the poll tax. In fact, the broadcast took a new turn: did the Sloane-Wallys not realise that a bonfire gave off 350 more parts of cancer-causing benzopyrene than the smoke of one cigarette? Did they not care that they were wasting 10,000 gallons of water every year? (the spectre of a water meter in the 1990s flashed uneasily through Julian's mind).

What *about their bottles* of Weedol, which were suspected of being teratogenic and possibly mutagenic, too? (which sounded deeply worrying to Veronica's health sense). Valerie had even smelt a certain spray on Veronica's hair, although the British Union Against Vivisection did not rate it cruelty-free.

As for Julian, did he not stop to think about the blast-furnacing that went into making a metal beer can? Did he not know that tinned tuna had a highly-problematic level *of mercury*, and that tuna-catchers used fish-nets that trapped dolphins as well as tuna, drowning them without a second thought?

Holy smoke, Veronica realised, the woman isn't pink: she's green. "We do keep a pony," she pleaded, weakly, never expecting that their infamous *old* pet, Peter Jones, would be an argument in her favour. "You probably bed it on peat," Valerie retorted,



"for all you care about the continuing rape of the British peat wet-lands."

Despite the verbal assault, Veronica felt herself becoming intrigued: here, a million *miles from* civilisation, was something she could actually do. It has long been a Sloane-Wally principle that each Sloane-Wally shall count not as one but as more than one: thus, during the weekdays, while Julian burnt up lead-free petrol, could she not make the Old Rectory into a pollutant-free sanctuary and join the crusade for consuming with care? (Apart from which, Veronica had actually been quite lonely since daughter Victoria went up to Durham to read politics and business studies).

One of the advantages of Green Awareness *is that while* it involves you directly with objects, it need not involve you similarly with other people: she and Julian have always had a private rule that anyone who is not obviously *dippy* or disabled *ought to* be able to cope without them having to feel guilty about it. "Self-reliance; personal responsibility; good neighbourliness" – the recent Conservative broad-sheet put the priorities very well, Veronica felt, especially if country neighbourliness was the result of the former, too.

Ever since July, Veronica has been taking the Universe seriously. She has thrown out Julian's Weedol and dumped their old yellow tin of Slug Death. After breakfast, she now fills Julian's hollowed-out grapefruits with beer and uses *them as* slug-traps in the garden.

Valerie turns out to be a keen Tory and a tower of strength. She helped Veronica to join the Henry *Doubleday* Research Association (although Julian's father had a long story to tell about the time when it persuaded him to put his vegetable garden down to comfrey).

Veronica has been looking at drought-efficient gardening with plants that need less water. Next year, she is planning to go with Valerie to see the low-water garden which Anglian Water has laid *out as an* experiment.

The mention of water does raise one final problem. The Sloane-Wallys spent a busy November evening filling in 40 water share offer forms; on present calculations, they *have taken a profit of* £9,000 in return for doing next to nothing. As a result, Veronica decided that Julian's present this year should be suitably extravagant on the proceeds.

Valerie came shopping with her – *as she always does* nowadays – and Veronica happened to mention that she had seen a marvellous pair of teak arm-chairs to go with the teak garden seat and that Julian would certainly like them *as a sitting-out surprise* for Christmas. Valerie faded once again to a pale-green colour.

Did Veronica still not realise that teak came from tropical forests, and that careless garden *furniture was costing* the Third World millions of gallons of rainfall?

Right up to this weekend, the two of them have been looking for other things. Veronica refuses flatly to have a green-approved meal-bench of red cedar, coloured in golden dip: Sloane-Wallys do have standards. She nearly caused a split by choosing a seat of iroko wood; Valerie then asked if it came from a Designated Ecological Reservation? The man in the Horsham garden centre said it very well could, for all he knew.

Unless something in sycamore turns up this *Saturday*, Julian looks like getting a voucher and a copy *of the Good Wood Guide from* Friends of the Earth plus a little green card with that versatile Tory message, suggesting that the two of them look for a seat next year and, naturally, get on their *bikes to find it.*

Plants with no names

Arthur Hellyer admires what he can't identify

SOME very *attractive* climbing plants are on display in the glasshouse sections of many garden centres at the moment, although it is not always easy to find out precisely what they *are because of the increasing* tendency to omit names from labels.

Two I admired, both with attractive trumpet-shaped flowers, were labelled simply "flowering plant," which was fairly obvious since they were full of bloom. One was Allamanda cathartica, although I am not sure what this plant, normally summer-flowering, was doing producing its yellow flowers in mid-winter.

The other climber had deep pink flowers and was what I have always called dipladenia Splendens, but I see that the latest Royal Horticultural Society *Encyclopaedia of Plants and Flowers* calls it mandevilla Splendens. No wonder nurserymen tend to opt for safety by leaving out names altogether – but it must be a bit frustrating for customers.

What bothered me more than the lack of identification was that these plants were displayed alongside house plants without indication that neither could be maintained in good condition in a room, even an exceptionally well-lit one, for more than a few weeks. Even near a window, they would not receive enough light to meet their requirements, and the air would almost certainly be too dry for them and the temperature too fluctuating.

These are climbers to buy for a light conservatory, the allamanda to spread out over trellis work or strained wires to which it would need to be tied, the mandevilla to be allowed to twine around anything convenient: columns supporting roofs, trellis-work, canes, even to the branches of stiffer plants without any need for tying.

Both plants like to be snug, even in winter. The temperature certainly should not drop *below 10°C (50°F), and would be* all the better for being a good deal higher if this did not make the air very dry.

There is a white-flowered relative of this pink mandevilla which is known popularly as the Chinese jasmine, M. suaveolens. It is just as beautiful and a good deal hardier – so much so that in some mild coastal gardens it can be grown *out of doors most* years, and in a conservatory needs only protection from frost.

Since many conservatories are warmed by a domestic heating system which is likely

to be operating at its lowest by night when plants are most in *need of extra warmth, it might* be wise to place greatest reliance on the hardier climbers such as this Chinese jasmine and the equally tough South African plumbago Capensis, which will survive so long as it never freezes. The plumbago has clusters of light-blue flowers, rather like those of a phlox, and it also has a white variety. The blue form is by far *the commoner plant, but I* have seen the white recently in a local garden centre.

There is no doubt that the growing popularity of conservatories is producing a supply of good plants to fill them. It is wise to look in the outdoor beds and standing grounds as well as in the display glasshouses at garden centres, since there are likely to be a few useful plants displayed in them; almost certainly, fremontia California Glory, an evergreen which produces saucer-shaped, daffodil-yellow *flowers from late spring until* early autumn and will take all the sunshine and warmth that is going while still surviving a few degrees of frost in winter.

In these outdoor standing grounds may also be found *some of the slightly tender,* long-flowering abutilons, shrubs that often are grown outdoors in sunny places for summer display but are more *reliable* and much more persistent in bloom when grown under glass. One of the easiest to find is Megapotanicum with its small, lantern- shaped, yellow and crimson flowers; but there also are some good *hybrids with larger bell-shaped* flowers in shades of yellow, orange, pink and red plus white, and with names such as Canary Bird, Cerise Queen, Ashford Red and Boule de Niege.

I have not seen many of these in garden centres recently but there are plenty around in specialist nurseries, especially in Devon and Cornwall, and there are also good *bougainvillias to be picked up* in some of these, especially the Burncoose and South Down Nurseries at Gwennap, Redruth, Cornwall, which has access to stock plants in some famous private gardens in the county.

One plant that is waiting to be exploited for the expanding conservatory trade is streptosolen Jamesonii, a sprawling evergreen from Colombia which can be trained against a wall or over a wire frame. Its flowers are deep reddish-orange and are carried in clusters from late May until mid-July.

It is much tougher than might be supposed from its Colombian origin and although it needs sun and warmth to make it flower well, it will survive winter so long as it does not actually freeze. But it is difficult to understand why *it* is displayed so seldom in garden centres. There are plenty of plants around in private collections and botanic gardens *but just a few specialist nurs*eries have it. One is the Bodnant, attached to the great Aberconway and National Trust garden of that name at Tal-y-cafn, Clwyd.

Bridge

BOTH HANDS today come from duplicate pairs. The first is a vintage hand:

N
♠ A K 8 2
♥ A J 6 3
♦ 10 7
♣ K J 10

W
♠ Q 7
♥ K 8 5
♦ 9 6 4
♣ 9 8 5 3 2

E
♠ J 10 6 4
♥ Q 10 7 4 2
♦ 8 3
♣ 6 4

S
♠ 9 5 3
♥ 9
♦ A K Q J 5 2
♣ A Q 7

South dealt at a love score and opened with one diamond. North replied with two spades – the Baron two no-trumps would be preferred today – and South re-bid four diamonds. A jump bid in an already *forcing situation shows* a solid suit and settles trumps. North re-bid four hearts, South said four no-trumps and, after the response of five hearts, asked for kings with five no-trumps. When North showed two kings, South *went to seven* diamonds.

West led the four of diamonds. The 10 won and South made ace and king, throwing a spade from dummy. He crossed to heart ace, ruffed a heart in hand, *cashed his diamond* queen (throwing the eight of spades from dummy) and followed with ace and queen of clubs.

In the five-card end position dummy held ace and king of spades, knave and six of hearts, and the club king. East held knave, 10 and six of spades and the queen and 10 of hearts, while declarer held his three spades, *diamond knave* and seven of clubs.

At trick nine, South crossed to the club king and East was caught in a ruffing squeeze. If he threw a *spade*, the declarer would cash the ace and king in dummy, cross to hand by ruffing a heart, and score his spade nine; if East let go a heart, the declarer would ruff a heart in hand and cross to the table to score two spades and the heart knave.

We turn to Mixed Pairs:

N
♠ K Q 9 8 7 4
♥ A 10 4
♦ A 8 5
♣ 9

W
♠ J 10
♥ J 9 2
♦ 9 7 4 2
♣ 10 5 4 3

E
♠ 5 3
♥ K 7 5 3
♦ K Q 6
♣ K 7 6 2

S
♠ A 6 2
♥ Q 8 6
♦ J 10 3
♣ A Q J 8

At love-all, South dealt and opened with one club. North bid one spade, South said one no-trump and North forced with three diamonds. South gave primary preference with three spades. North bid a Blackwood four no-trumps, found South with two aces and persisted with five no-trumps. When South said six clubs, he *settled for six no-trumps.*

West led the two of hearts, won by the king, and East wondered what she should return. A diamond is tempting, but she rejected that and led back the three of hearts to the *queen. Prospects were not* bright, but declarer saw one chance: a club-diamond squeeze on East. For this to succeed, East had to hold the *king and queen of diamonds* and the club king.

Cashing dummy's red aces, South ran five spade winners. At this point, East held diamond king and three clubs to the king. The last spade turned the screw on East. A diamond discard would set up the *knave; a club discard would* give South three club tricks after finesse.

Played excellently. But East could have defeated the contract by leading a club at trick two. This breaks up the squeeze position. Try it and see.

E. P. C. Cotter

Chess

THERE WAS another landmark in the impressive advance of chess computers last week when Deep Thought, the world champion machine, defeated David Levy, the international master and former Scottish champion, by 4-0 in the Infolink Challenge. Levy, an expert and writer on computer chess, had won two previous matches against machines but, on this occasion, was out-classed.

In his earlier series, Levy used an amorphous style *where he set up passive and* cramped positions, then waited for the computer to compromise its game by naïve strategy. Deep Thought, schooled better, countered this negative approach by incisive pawn and *piece thrusts* which opened up the play for its superior development. One of Levy's aides, himself an IM and computer specialist, called the loser's *methodology "five years out of* date."

Man v. machine chess contests are now highly popular in the US, sparked off by Deep Thought's tournament successes in 1988 and the machine's defeat by world champion Gary Kasparov ("I had to protect the human race").

The Harvard Cup is one of *the new events.* It was played at Harvard University in October and is planned as an annual competition to measure computer progress. Four strong grandmasters meet four of the best computers in a dou*ble round team match with* prizes for the highest scorers.

GMs AlbURT, Dlugy, Gulko and Rohde are seasoned tournament players and had prepared effectively. The machines included Deep Thought and also Hitech, the creation of former world postal champion Hans Berliner, but they were beaten 1½-14½. Gulko and Rohde won all four games, while Deep Thought's only point came when former world junior champion Dlugy played carelessly when a pawn up.

Contrasting with Levy's approach, the GMs used strong and active strategic play, taking simple tactical opportunities but keeping clear of complexities that might suit the 700,000 positions-a-second heavy artillery of the computer's hardware. IBM was the major sponsor of the weekend and is backing the Deep Thought programmers as they seek to achieve 2bn positions a second.

Deep Thought is being improved *and updated* constantly by its eager team. Last year, at the Software Toolworks Open in California, it defeated Bent Larsen, the veteran *world title candidate*, and tied for first prize with Tony Miles, the former British No. 1.

Organisers of the 1989 Software Toolworks hit on the idea of launching the event with a "tie-breaker" between DT and Miles. Kasparov had crushed the machine's Queen's Gambit Accepted and Miles tried the same plan, *but* DT was ready.

Quite early, Miles lost a pawn *to* a simple tactic (WQ at d2, B at h4, P at e4, BQ at d8, N at f6, Black plays Nxe4) and DT consolidated to win the game and another high-calibre scalp.

White: D. Levy.

Black: Deep Thought.

Dutch Defence (Infolink Challenge 1989).

1 d4 f5 2 Bg5 c6 3 c3 h6 4 Bf4 Nf6 5 Nd2 d6 6 e4? g5 7 e5 Nh7! 8 Nc4 gxf4 9 Qh5+ Kd7 10 Qxf5+ Kc7 11 Qxf4 Be6 12 Nf3 Rg8 13 Ne3 Ng5 14 exd6+ exd6 15 d5 Bxd5 16 Nxd5+ cxd5 17 Nd4 Qe7+ 18 Be2 Nc6 19 Nb5+ Kb8 20 h4 Ne6 21 Qf3 Ne5 22 Qxd5 Nf4! 23 Resigns. If 23 Qxg8 Nf3+! forces mate.

White: B. Gulko.

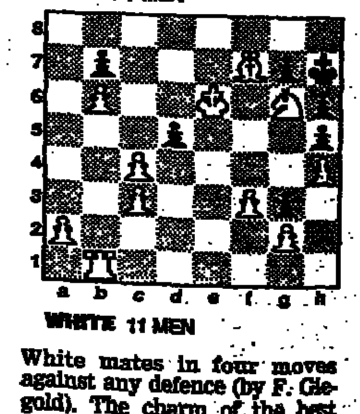
Black: Deep Thought.

King's Indian Attack (Harvard Cup 1989).

1 Nf3 d5 2 g3 Nf6 3 Bg2 c6 4 d3 Nbd7 5 O-O e5 6 Nc3 d4 7 Nb1 Bd6 8 e4 Nc5? 9 Nbd2 b5? 10 Nxd4! exd4 11 e5 Bb7 12 exd6 Qxd6 13 Re1+ Ne6 14 a4 a6 15 Ne4 Nxe4 16 Bxe4 O-O 17 Qh5 g6 18 Qh4 Qb4 19 Bh6 Rfb8 20 Bxg6! fxg6 21 Qf6 Rf8 22 Bxf8 Rxf8 23 Qxe6+ Kg7 24 Qe7+ Qxe7 25 Rxe7+ Rf7 26 Rae1 bxa4 27 R1e4 c5 28 R4e5 c4 29 dxc4 Resigns.

PROBLEM No. 803

BLACK 7 MEN



WHITE 11 MEN

White mates in four moves against any defence (by F. Giegold). The charm of the best problems is that the solution can be *irritatingly hard if you* get stuck, yet obvious and simple once it is revealed.

Here, Black has only a couple of legal moves on the board – dxc4 and d4 – yet two British championship players in consultation couldn't find the answer in half an hour.

Solution Page XVII.

Meanwhile, best wishes for Christmas and 1990.

Leonard Barden

A SHORT STORY FOR THE SEASON

The Boy With a Mandolin

By Michael Thompson-Noel

When Picasso's Boy With a Mandolin *is hijacked by terrorists, Scotland Yard calls in Detective Chief Superintendent Tom Hurt. What he uncovers is a tale of double dealing in the international art market. NOW READ ON . . .*

IT WAS five days before Christmas, and thick drifts of snow lay piled in New Bond Street, giving this famous London thoroughfare the appearance of a film set. It was 7.27 am. The sky was violet, flecked by opal. More snow was falling. According to the meteorologists, almost the whole of the northern hemisphere was experiencing extraordinary weather. Snow had fallen in St Lucia, Guadalajara, Calcutta, Tunis, Rabat and Funchal. Lake Chad had frozen over. On the beach in Honolulu, tourists were building snowmen. Yet it wasn't particularly cold. Although the evidence was tentative, there were signs, claimed the scientists, studying their print-outs, that the Earth's greenhouse effect had suddenly shunted into reverse. On Wall Street stocks had soared, then crashed, and were now soaring once more as massive computer programs grappled with the newest data and struggled against each other in silent, robotic war.

Detective Chief Superintendent Tom Hurt was not remotely interested in the weather, or in Wall Street. He was humming a carol as he negotiated New Bond Street, his huge stride carrying him forward with the impetus of a snow plough. Following in his tracks was his assistant, Detective Sergeant Dan Swift, who wore his customary gold ear-ring and who carried, as always, a small black box which he handled with tenderness.

The superintendent turned left, then right, then ducked through a courtyard, turned right, then left, then finally right, before halting at a crimson-painted door which bore a golden knocker. They were in the

Sunrise 2000 was demanding a ransom of $52.8m for the painting

most luxurious part of Mayfair – virtually home territory, for they were experts in all forms of robbery as well as kidnapping and money laundering. They had spent two years with Interpol. Tom Hurt was 32: the youngest chief superintendent at New Scotland Yard and regarded by Interpol as the leading robbery specialist in western Europe. Dan Swift was 24: a computer fiend with a PhD in forensic science.

What had taken them into Mayfair was the news from Bangkok, via the British embassy, that Picasso's *Boy With a Mandolin* had been hijacked by a terrorist group known as Sunrise 2000, which had threatened to destroy the painting on Christmas Eve unless its new owner, Marcus Phoo, or his insurance company, or the British Government, paid a ransom of $52.8m.

This was the exact dollar equivalent of the sum paid by Phoo in London five days previously when *Boy With a Mandolin* had been sold by the auction house of Blanchard's. Phoo was an immensely rich Thai businessman. At $52.8m, *Boy With a Mandolin* had proved the second costliest painting ever auctioned, having been bid to within a whisker of the $53.9m paid for Van Gogh's *Irises* in late 1987.

Tom Hurt had been roused from sleep at 5.35 am by Commander Christopher Beck at New Scotland Yard. After speaking to Bangkok, Commander Beck had conferred with the Foreign and Home Offices and had then rung Tom Hurt at the superintendent's East London home, and ordered him into action.

"The embassy is faxing us whatever material they can," the commander had said. "It is not clear what we can do about this immediately, chief superintendent, but we have got to be alert for when the reptiles sweep down upon us. The Foreign Office say they can sense major political trouble. *Boy With a Mandolin* was sold in London by a British auction house. It was flown to Bangkok on a British airliner. It is probably insured by a British syndicate.

"Apparently, Sunrise 2000 gained access to the container in which *Mandolin* was being transported while the plane was in the air, or maybe earlier, at Heathrow – or even at Bangkok airport. No-one knows which. But Sunrise have definitely got it, and are demanding $52.8m payable in gold bullion. They have stipulated a conversion rate of $405 per ounce.

"When *Sunrise gained entry to Mandolin's* crate, they substituted a copy – not a very good one. But it took Bangkok a day-and-a-half to rumble it. The switch was discovered three hours ago."

Commander Beck paused, and cleared his throat. He was a kindly man, though his wife was regrettable. "Now here comes the crunch. Sunrise 2000 have told Reuters that unless the ransom is paid by 5pm on Christmas Eve, Bangkok time, they will destroy the painting by burning it. The event will be recorded and the film handed to one of the American networks. Sunrise say that the ransom proceeds are to be distributed among 21 international charities, a list of which will be relayed to the news agencies by noon tomorrow, local time. Any questions, superintendent?"

"No, sir."

"Then get cracking. Start with Richard Blanchard, the chairman of the auction house. He is said to know the whereabouts of Phoo. Chief Inspector Rutherford will give you the details. Rutherford has *already* phoned Blanchard. Your faithful sergeant – the one with the gold ear-ring: don't think we're not watching him: rules are rules, superintendent – will pick you up in about 10 minutes. No doubt you'll confer with your chums at Interpol. Get a move on, superintendent."

■ ■ ■

Tom Hurt thumped the door-knocker and rang the bell. The house at which they had halted was the private residence of Richard Blanchard, who greeted them himself and ushered them upstairs into a gold-and-cinnamon drawing room where his companion, a career duchess, was pouring Gulbenkian-strength coffee into impossibly delicate cups. Blanchard was younger than the superintendent. The auctioneer had long blond hair and fizzed with energy. At Eton he had been known as the Sunlamp Kid because of his year-round tan. He was cloaked in a crimson dressing gown. The duchess was already dressed.

Despite his youthfulness, thought the superintendent, Richard Blanchard was likely to be immensely shrewd, for it was well known that he had inherited the chairmanship of Blanchard's on the death of an uncle four years ago, and had proceeded to whip the old firm into such a frenzy that it was starting to catch up with Sotheby's and Christie's. Blanchard was a showman, an old-style impresario. He was adored by the rich. It was Blanchard, more than anyone, who had pioneered the use in the auctioneering world of slithery-smooth marketing and cut-throat financial techniques.

The duchess handed round the cups. Superintendent Hurt told Blanchard what London knew about the disappearance of *Boy With a Mandolin*, and about the demand by Sunrise 2000 for a ransom of $52.8m.

"Do you know where we can locate Phoo?" asked the superintendent.

"Certainly," said Blanchard. "He'll be here fairly shortly. He's actually in London, playing roulette. He has been playing for five days, ever since he bought *Mandolin*. At the last count he was £2m to the good. The casinos don't mind. There is a dearth of high-rollers in London, so any action is welcome. I rang him at the club. His astrologer-cum-secretary – a remarkably clever youth – has been warning him to expect an adverse run of the wheel lasting for 12 to 15 hours, so he's happy to take a break. Not that *Mandolin* isn't worrying."

"Is Phoo the painting's owner."

Blanchard smiled warmly at the superintendent, acknowledging the accuracy of the thrust.

"He is the owner alright," Blanchard replied, "though what you are asking me is where the money came from. As you well know, superintendent, the rich don't use their own money. They use other people's. It is all about finesse. The international art market is maturing very quickly, is becoming quite sophisticated. Naturally, some of our financial arrangements cause controversy and bad feeling among our dimmest critics; but they can be ignored.

"To answer your question: who owns *Mandolin*? This is what happened. Blanchard's agreed to put up 33.4 per cent of whatever proved to be the total auction cost of *Boy With a Mandolin* as a bridging loan to Phoo, the money to be repayed in six instalments with a roll-over facility. A *civilised* roll-over; nothing too pushy. The rest of the money was advanced by a group of banks."

"How many banks?"

"Nine, I think – yes, nine."

"And I suppose these loans are reckoned to be underpinned by the asset value said to reside in *Boy With a Mandolin*?"

"Exactly."

"Even though that value was established by Phoo with borrowed money, some of which was supplied by the auctioneer?"

"Precisely."

"And even though, in the event of trouble, you would all be extremely distressed to see *Boy With a Mandolin* reappear in the saleroom in case, next time around, someone else, also bidding with someone else's money, decided that the painting's value was only $40m?"

"Spot on," said Blanchard. "It might appear to the outside world that we and the banks control the painting temporarily, but the man who owns *Mandolin* is indubitably the man who bought it, the one who most wanted it, and that is Phoo."

"Is Phoo rich?"

"Oh dear me yes. Some of his wealth is traditional: emeralds, sapphires, *jewellery manufacture, timber*, rice. But he has created fortunes of his own in materials, construction, tourism and airlines. In addition, he is president of a very hush-hush investment entity that switches the equity portfolios of several Asian dynasties from market to market at tremendous speed: Bangkok, Taiwan, Seoul, Tokyo, Wall Street, Bangkok again, London, Paris, then back to Tokyo.

"I said to him once: 'I think I've got it. When the markets are thinking clockwise, you go anti-clockwise, and vice versa.' Do you know what his astrologer said? He's really a mathematician. He told me: 'There is no clockwise or anti-, no up or down, no time or space. There is only time-space and the quantifiable effects of relativity and superchaos.' Thankyou very much, I thought."

The doorbell rang. The duchess answered it. Phoo was brought upstairs and introduced to the policemen. Phoo was tall and muscular and wore a great deal of gold. There were rubies in his cuffs. Late thirties or early forties, the superintendent supposed. Phoo's secretary-astrologer was a thin, pale youth who wore an Italian suit and Texan boots of the softest rattlesnake skin. The moment the secretary saw Tom Hurt he recognised the policeman at once and bowed to him deeply, for Chief Superintendent Hurt was a karate black belt of the seventh dan and thus a beloved figure in martial arts circles.

Phoo listened to the news from Bangkok calmly. He appeared to believe that Sunrise 2000 was a force for global good. "They are very jolly fellows," said the Thai. "Not much is known about them but they seem determined to assist the poor. I expect they will stipulate that most of the ransom be given to AIDS relief and to helping poor children. Perhaps the insurance company will find that it's tax deductible."

"If a ransom is ever paid," said Superintendent Hurt.

Phoo laughed loudly.

"You seem relaxed," said the policeman sharply. "These 'jolly fellows' have made off with your Picasso and your reaction *is* to laugh."

"Ah," said Richard Blanchard, cutting in smoothly. "There *is* something we must tell you. I was waiting for a chance. We are not particularly worried – indeed, are quite relaxed – because the painting sent to Bangkok was in point of fact a copy. A wonderful copy, naturally. Because of the celebrity of *Boy With a Mandolin*, we had a *copy* made. It was the copy that went on show in various foreign capitals prior to the London auction. This is becoming common practice. Well, *fairly* common practice. *Not exactly common knowledge*, but certainly common practice. Actually, we keep it rather quiet. The masterpiece stayed in London. Now it has gone to Germany. It's in a terribly safe place –"

" – I know where that must be," said Superintendent Hurt. "It is a most secure location. Interpol uses it – "

" – while the *copy* went to Bangkok. Sunrise have got the copy. When they stole *Mandolin*, they substituted a copy for a copy. Which was really rather neat, don't you tend to think?"

Phoo boomed with laughter; the secretary shyly smiled; Blanchard smoothed his golden tresses and joined in the merriment; the duchess tittered prettily, and crossed her beautiful legs.

"Who made the copy?" demanded Superintendent Hurt. His blue eyes looked suddenly frozen. "If it was the highest class of Picasso copy, I assume you used Frederick Starling – a genius in his own right, that I don't deny. He will have charged you £20,000, taken two days to do the work and produced as good a Picasso as Picasso. If you did not use Frederick Starling, then Sunrise 2000 will spot it very quickly and are likely to be extremely angry. They do not regard themselves as fools. If you *did* use Starling then there may be complications – perhaps with your insurers – but one thing will be certain: Sunrise will never know. Only three people in the world can distinguish between a Picasso and a Starling copy, and they are not in Bangkok."

Blanchard stroked his hair again, and smiled at the room. He had an improbable number of teeth. "You are right, superintendent. We did use Frederick Starling. We paid him £20,000. The work took 46 hours. It is a luminous piece of painting, indistinguishable from the original. Our insurers are completely in the picture, are utterly *au fait*. Sunrise haven't hijacked a Picasso, though what they have taken possession of is arguably just as precious."

Blanchard rose from his chair, swirling his dressing gown like a matador's cape. "If that is all, superintendent, I simply must dress for breakfast. Will you and the sergeant join us? Some Australian salmon, possibly? A spot of Hunter Valley hock?"

"I haven't got time for breakfast," replied the policeman sternly. "I have a great deal to do. By 7pm this evening, you, Mr Blanchard, will

'None of you will leave London. Mr Phoo may resume his roulette.'

have made available to us every docket and document, every scrap of paper, relating to the sale and international travels of *Boy With a Mandolin* and the Frederick Starling copy. I wish to see everything, including your company records. Our accountants are in the City. They will ring you at mid-day to make the arrangements.

"None of you will leave London. Mr Phoo may resume his roulette. For reasons of security, each of you will be shadowed by police teams. You will not discuss our conversation with outside parties. You will have no contact with the press. If you, Mr Blanchard, conceal the most insignificant fact or figure, or demur in any way, you will be arrested and charged at once under one or several provisions of one or several Acts which I do not have time to specify. Australian salmon, Mr Blanchard, is caught only in very small quantities, and is mostly exported to South Africa. Hunter Valley hock would stun a kangaroo."

The superintendent rose. He appeared to incline his head in the direction of the secretary-astrologer, and then he left, the detective sergeant following him, carrying his black box.

■ ■ ■

Snow was still falling, obliterating London's ugliness. It was 3 am on December 21. Detective Chief Superintendent Hurt and Detective Sergeant Swift were sitting in a small and comfortable room above a Chinese restaurant in the East End of London. They were friends of the family. The room was always theirs to use, especially when they needed peace and serenity so as to pay concentrated attention to Dan Swift's black box.

The black box contained a keyboard and screen that linked them into the main data base at New Scotland Yard, and also connected them to important police data bases in Paris, Vienna, Los Angeles, Tokyo and elsewhere. By using intricate cross-links and secret routings, the box could give them an infinity of information, so long as they knew what to ask. The sergeant had been typing at the keys for more than three hours, and was becoming more and more preoccupied.

By 9 pm the previous evening, Superintendent Hurt's accountants in the City had received two vanloads of paperwork from Richard Blanchard's office. The auctioneer was proving frank and co-operative. In Bangkok, all efforts to trace Sunrise 2000, or *Boy With a Mandolin*, had come to nought, though less than an hour ago Sunrise had repeated its demand for a ransom of $52.8m, and nominated the 21 charities that were to share the proceeds. Ten of them were concerned with AIDS research and treatment, the remaining 11 were children's charities.

"This is our Christmas message to the world," Sunrise had told Reuters. "Long live innocence! The sick shall receive our charity! Pablo Picasso shall be our instrument of mercy! Death to greed and the formation of unseemly capital! Merry Christmas! The millennium is at hand!"

In London, as the superintendent knew, the Government was panicky and alarmed at the threats from Bangkok. The politics involved were said to be extraordinarily complex. The Government had suffered numerous reversals in the run-up to Christmas, and wanted the *Mandolin* theft resolved with the minimum of fuss. It was also alarmed in case anything happened to jeopardise London's precarious status as the centre of the world art market, or to re-open the controversy over the adequacy of security precautions at Heathrow Airport.

While Sergeant Swift typed at his keyboard, the superintendent played chess with the daughter of the house, a child of seven who was as beautiful as a teardrop and who never seemed to sleep. The child always beat the superintendent in 24 moves.

"There's something very strange here," said the sergeant at last. "Something really odd. The theft did not occur at Heathrow, of that we can be sure. It happened in Bangkok. I can see how they did it. What is far more puzzling is what might have occured at Heathrow. So far as I can discover, there was a period of 13 hours when *Boy With a Mandolin* and the Frederick Starling copy were stacked side by side in the transport company's vault.

"They were in identical-looking containers. One was bound for Bangkok, the other one for Stuttgart. What is really puzzling me is that during this period they bore the same manifest number: BLAN777002BL4792100. I have tracked down the error. A tiny one, to be sure. Human, not computer. But now I hit a wall. What I need to discover is what happened later. I am having trouble with Heathrow. Their procedures have been greatly tightened."

"You're using my Interpol access codes?" asked Superintendent Hurt. "'A-A-1,' etcetera?"

The sergeant confirmed that he was.

"Then try my *'Maecenas'* override. It is supposed to work wonders. Access via the Boeing route, through Houston and Chicago, and cross-ref to Lyon. Then backtrack to Heathrow. Crash or crash through is always the best motto."

The child smiled sweetly at Superintendent Hurt. She had just forked him with a knight.

For the next 40 minutes Dan Swift wrestled with his keyboard, assembling ranks of figures, analysing and demolishing them, probing for weaknesses in the barriers thrown against him – and finally breaking through.

"My God," he said at last. "The mess these people get into. I am still not 100 per cent certain – say 98.5 – but it looks as though *Boy With a Mandolin* and the Starling copy were mixed up and mis-routed as a result of the confusion with the manifests. *Boy With a Mandolin* was supposed to have been given the number BLAN777002BL4792101. But the packing cases were identical, and BLAN777002BL4792101 was assigned to the Starling. The Starling case was slightly heavier, by about 1.4 lbs. There is nothing unusual in that, but it was that that set me thinking. The Boeing data base confirms it, as close as I can say. We seem to have a problem. The real Picasso went to Thailand. Stuttgart got the copy."

The superintendent smiled warmly at the child, and resigned the game of chess.

"Let's get some sleep," he told the sergeant. The child left the room. "We'll go to Stuttgart in the morning. Do some Christmas shopping, check out the Picasso, see if it *is* the copy. We'll take Frederick Starling. There is not much point without him. The Yard will pick him up. Tell them to take him to Heathrow and to book tickets for the three of us on Lufthansa's 8.40 am flight from Heathrow to Stuttgart – business class for us, economy for Starling – returning at 6.25 pm ex-Stuttgart.

"Tell them I want 'A' Class security on our movements. They can ratify with the commander. But we'll use our own passports. The Germans are getting touchy. We'll need a hire car. If we time it right we can have lunch at the Posthalterei in Gammertingen. What that child does with the Sicilian defence ought to be illegal."

■ ■ ■

There was a whisper of air-conditioning. There was no other sound. At the far end of a narrow room, on an expertly-lit wall, a painting was ready for inspection. The three men walked towards it. They were 97 metres below ground. They had made good time from London. There had been no delays at Heathrow.

It was colder in Stuttgart than in London. At Stuttgart they had picked up a green Mercedes and driven south to a mock castle on a breast-shaped hill quite close to Tübingen. For most of the year the castle was inhabited by a young aristocrat who also happened to be a board-member of several of the institutions that owned the castle. The vaults beneath the castle had been built in 1981 and were regarded by many as western Europe's safest depository for valuables – primarily documents, jewellery, works of art and privately-owned bullion.

As they walked towards the painting, Superintendent Hurt watched the face of the man beside him. They were two metres from the painting. They moved in closer. And then Frederick Starling put his right hand to his lips and smiled in recognition of the figure of a boy with a mandolin that formed the right-hand side of the painting. Superintendent Hurt said nothing. The sergeant stood behind them.

"Hello, young fellow," said Starling finally. "My word, you're looking well."

Still the policemen waited.

"He was easy to do," said Starling simply. "The figure on the left posed no sort of a problem – but then neither did the boy. Pablo knew what he was doing when he painted *Boy With a Mandolin*. Sometimes he could be clumsy. He wasn't really a genius, though I suppose he had his moments. But I give him full marks for *Boy*. My only sticky moment came with the mandolin itself. It was hard to resist painting what Pablo *intended*, rather than what he produced. But then I'm hired to copy – not to paint the masterpieces that Picasso usually fluffed. He *did* fluff that mandolin, wouldn't you chaps agree?"

"I take it," said the superintendent, his gaze as piercing as a cobra's, "that the work of art in front of us is your copy of *Boy With a Mandolin*, Frederick?"

"Absolutely, superintendent."

"This is not the original?"

"It is not the original."

"You are 100 per cent sure?"

"For Heaven's sake, Tom . . ."

"Only asking, Frederick."

■ ■ ■

It was Christmas Eve, and Richard Blanchard was pouring champagne into antique goblets and handing them round himself. "None of that Australian muck for us," the auctioneer chortled. "This is the genuine article, superintendent, if you will pardon the expression. Happy Christmas, everyone!"

They were gathered, once again, in Blanchard's drawing room. Blanchard wore a white silk suit and the tie of an exclusive Columbian regiment. The duchess looked like a vision, with diamonds at her throat. Phoo was dressed in gold and was already a little drunk, his arm resting lightly on the shoulder of his secretary-astrologer, who was wearing oyster-coloured pants and a harlequin-patterned jacket. The two policemen were the centre of attention.

In the hours since Tübingen, events had moved swiftly. Anxious not to become embroiled in another sticky mess, No. 10 Downing Street had ordered the Foreign Office to liaise directly with Sunrise 2000 in Bangkok, and to restore *Boy With a*

The insurers had wanted to haggle; that was their job. But the PM insisted

Mandolin to its rightful owner. The Foreign Office had convened a meeting that had been attended by Phoo, Blanchard, the police, the company that had insured *Mandolin* and representatives of the nine banks that had lent Phoo part of the purchase price.

The Foreign Secretary had chaired the meeting. He was brand new to the job, but he could understand an order from the Prime Minister when it was shouted in his ear. Teams of lawyers had established beyond reasonable doubt that the insurance company was, after all, liable to cover the theft and potential loss of *Boy With a Mandolin*. But the insurers had wanted to haggle; that was their job. They had been prepared to advance 75 per cent of $52.8m by early on Christmas Eve, the remainder three months later. In Bangkok, Sunrise 2000 – who had never doubted that they possessed the original of *Boy With a Mandolin* – had flown into a rage when asked if they would accept 75 per cent initially.

"Come along, gentlemen," the Foreign Secretary had urged the London meeting. "It *is* Christmas, after all. The money is going to charity. Surely you can produce something?" In the end, the remaining 25 per cent of the ransom had been advanced, in the form of a bridging loan to the insurance company, by Blanchard, Phoo and the banks. The money had been transferred to Bangkok, converted into gold and swapped for the Picasso three hours before the deadline.

In Mayfair, the Christmas Eve party at Richard Blanchard's house was becoming jollier by the minute. "I am *terribly* impressed with your excellent work," the duchess was telling Sergeant Swift. "Let us find a quiet floor. I am *aching* to hear it all. Bring your glass along." Phoo and his secretary were gazing dreamily from the window at snow-covered rooftops.

"Your health, superintendent," said Richard Blanchard, toasting the policeman merrily. "An especially poignant Christmas to you, and a prosperous New Year. Have you got some time off?"

"I might get a few hours," replied the superintendent briskly. "Tomorrow I will deliver some presents. There is a chess player of my acquaintance who especially wants a doll. On Boxing Day I and Sergeant Swift are flying to Bangkok. We are reasonably fond of Picassos, but what we really like is gold. We are going to get the gold back: $52.8m worth of gold bullion should be extremely easy to find."

The superintendent paused. The lights of Blanchard's Christmas tree were reflected in his eyes, giving them a spangly quality. His mind had gone walkabout. Eventually he returned his gaze to Blanchard's face.

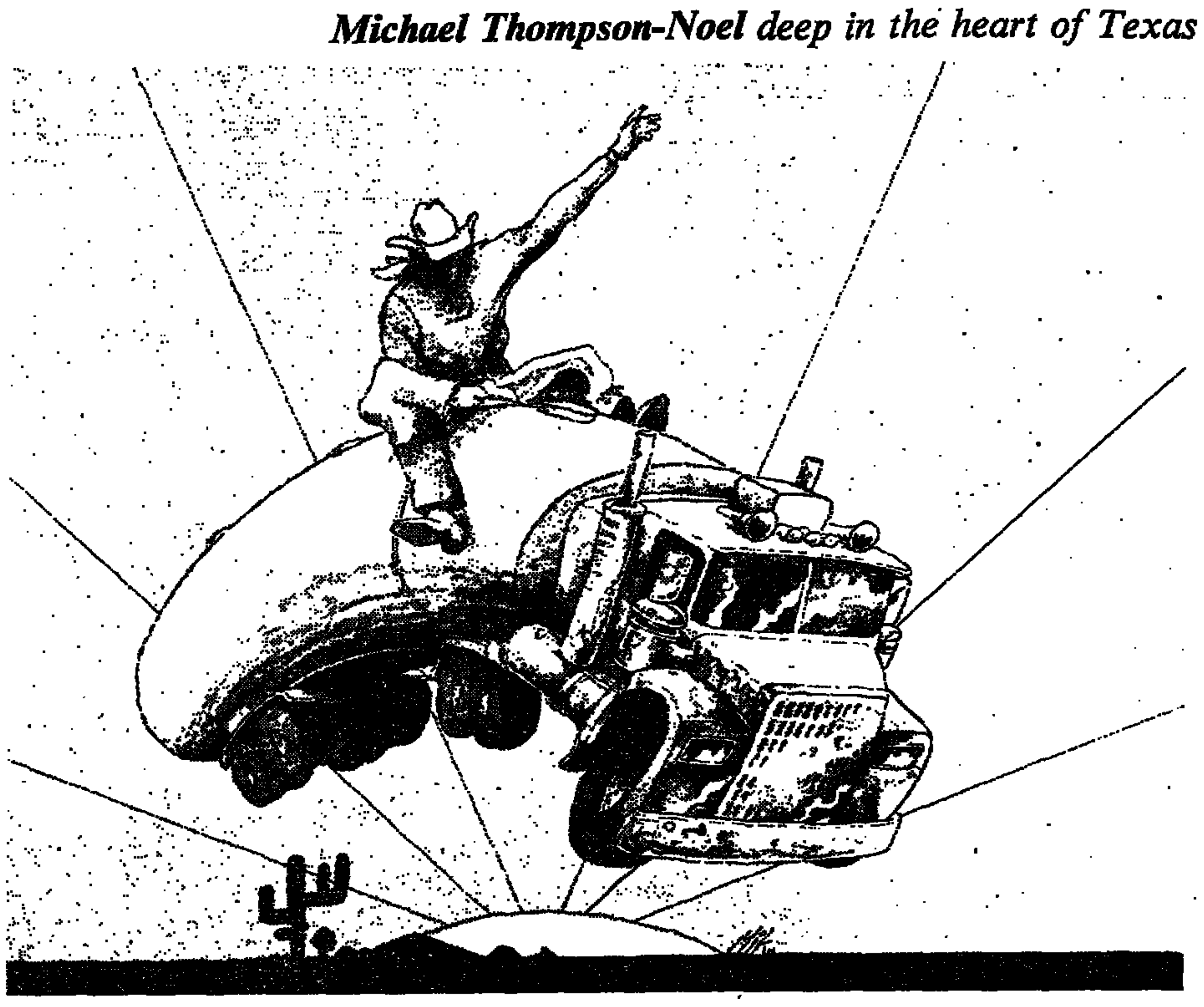
"The thing is," said the superintendent, "that I and Sergeant Swift may be gone some time. You see, gold is on the move. You may remember that Sunrise 2000 specified a conversion price for the gold of $405 per ounce. Earlier today, however, Sergeant Swift enjoyed an intimate conversation with an obscure but prescient computer in Pasadena. This computer is supposed to be off-limits, but Dan got through. The computer told him that there is a statistically outstanding chance that in the next 11 days, gold will rise to $578 per ounce, and in the following 43 days – Pasadena was insistent – to $2,335 per ounce."

Again, the superintendent's mind seemed to wander. He was staring at Phoo and the secretary-astrologer, and beyond them the rooftops. "Yes, Mr Blanchard, I expect that we will be gone for quite a while." He smiled. "You are right: this is drinkable champagne."

TRAVEL

Around the Big Bend

Michael Thompson-Noel deep in the heart of Texas



Day 1: "Honey," says the waitress, "yew eat up them green beans, then yew ken hev more chick'n. Yew look like yew need nourish'n."

The waitress is a kindly soul, fortyish and shapely, so I do as I am bidden and eat up all my beans. I am in a small-time restaurant in Monahans, in south-western Texas, having flown in to Midland just an hour ago after a fog-delayed flight from Gatwick to Houston that has left the skin of my face as taut and as tucked as any Dallas matron's.

I drink my milk. I eat my corn and beans. I stick a Marlboro in my mouth and rock back on my chair. I try to jut my jaw. Welcome – honey – to Texas.

According to my *Texas Travel Handbook*, Midland lies on the former Chihuahua Trail, the emigrant road to California, and also on the former Comanche War Trail. It is named for its location halfway between Fort Worth and El Paso, and had a quiet agricultural existence until 1923, when oil was discovered in the "fabulous Permian Basin." Today, Midland is the headquarters of the West Texas oil industry.

Leaving Midland, I steered myself briskly on to Interstate Highway 20, heading south-west towards Monahans and marvelling at the dead-flat terrain – as flat as the Zambian plateau or the red heart of Australia; so flat, in fact, that you can see the planet's curvature.

Texas is big, alright, though not as big as myth and modern boosterism would have us believe. It measures 801 straight-line miles from north to south and 773 miles from east to west which means, says the handbook, that its 275,416 square miles are "large enough to fit 15 of the 50 states within its borders and still have 1,000 sq miles left over." Its boundaries extend for 3,816 miles, of which the longest segment (1,248 miles) is the Rio Grande – where I am heading – which marks part of the border between the US and Mexico.

A few things about Texas are on a reasonably intimate scale. Monahans, for example, gives you access to Sandhills State Park, 4,000 acres of wind-sculptured sand dunes which proved a formidable obstacle to the pioneer wagon trains. What is not so apparent is part of one of America's largest oak forests, which stretches for 40,000 acres. The forest is hard to see because its mature trees (Havard oaks) are seldom more than 3 ft high. To maintain this miniature surface growth, they send down roots as far as 90 ft.

After Monahans I drive 50 miles south to Fort Stockton, a former frontier military post that is now the seat of Pecos County. "The retail and shipping headquarters for vast ranching, natural gas and oil activities," says the handbook, "and major West Taxas crossroads. Hunting excellent for mule deer and pronghorn antelope."

The sky is brilliant, the sun full and warm, as I drive another 50 miles south to Marathon where I spend the night at the Gage Hotel, a restored 1920s ranch-style hotel. Its manager, Giddings Brown, who has the looks of a cavalry officer, describes it as "one of the best and most famous small hotels in Texas." Marathon is the gateway to the Chihuahuan Desert, a high dry wilderness that pokes northwards out of Mexico into western Texas and southern New Mexico, and to Big Bend National Park.

Giddings tells me that his favourite times of year in West Texas are also those when people are fewest. "In January and February it's cold at night but warm and beautiful by day," he says. "You can hike for hours in the desert without overheating yourself. My other favourite time is August and September, which are not so hot as June and July." (It crosses my mind that a hotel manager *would* seek to advertise the charms of his least busy months, but as Giddings Brown could teach me a thing or two about courtesy and good manners, I stifle the suspicion).

After dinner, I delve and fossick in the *New York Times*, which reminds me that sombre issues loom beyond the Texan border. Because I do not wish to be mistaken for some sort of pinko, or for one of those freeze-dried hippy types left over from the early 1970s with which the desert regions abound, I am reading the *Times* in the security of my room.

"Last year," it says, "the national Butterball Turkey Talk-Line (800-323-4848) fielded 4,653 inquiries, and 16 callers an hour asked: 'Is it safe to stuff a turkey?' The National Turkey Federation says no. 'Forty-five million turkeys are purchased during the (Thanksgiving) holiday season, and we are not convinced that all those people understand stuffing safety measures,' said Laurie Wilson, the association's consumer affairs manager in Reston, Va. The Turkey Talk-Line disagrees . . ."

Day 2: I have left Marathon and am now deep amid the scrublands, the soaring sand dunes, painted badlands, barren flats, volcanic ash heaps and mountain ranges of Big Bend Country, where the national park sprawls across 1,106 sq miles of the southwestern tip of a great U-turn made by the Rio Grande.

This is a young desert, and a colourful one: ochre, yellow, grey, black, white, cream-washed gold, pearl, lavender, rose, maroon, olive, khaki and a thousand browns, all of them gauzed by green, reddened by frost or filtered through the blues and purples of far-off mountain places.

Big Bend Country is said to be the place where all the lies about Texas are true, where rainbows wait for rain, where water runs uphill and mountains float in air. People have lived here for 10,000 to 12,000 years. The first to come were nomadic hunters tracking the big game that wandered south ahead of the last great continental ice sheet, including elephant, camel, bison. When the air warmed up and dryness spread across Big Bend, many Ice Age mammals disappeared for good, and so did the hunters.

The next people to come were nomadic Indians adapted to desert living, who were in turn displaced or absorbed by the semi-pueblo Jumanos people. Then came the Spaniards. Then the Mescalero Apaches. Then the Comanches, who at the full of the September moon – Comanche moon – forded the Rio Grande at Lajitas and raided Mexico, driving captives, cattle and horses northwards. For decades after they were vanquished, the Comanche War Trail, scuffed bare, is said to have burned white like a scar across the land.

Then came the miners and then the ranchers, who had to battle against drought, disease and remoteness from their markets. In time, overgrazing all but wiped out the grasslands. And then came the tourists.

Shortly after I leave the park headquarters, a pair of coyotes run across the road in front of me. The park hosts more than 70 mammal species, including the bobcat and mountain lion (estimated lion population: about two dozen), though the wolves are all gone now. On the other hand, Mexican black bears are re-establishing themselves in the Chisos Mountains, while a programme to re-introduce bighorn sheep in their native ranges in West Texas, and return them to "huntable numbers," is meeting with success.

The park is also home to the Big Bend mosquitofish *(Gambusia gaigei)*, its range restricted to a single pond. This century, this silly fish has wriggled back and forth between the jaws of extinction. At one point the only survivors were two males and a female that biologists had removed to an aquarium at the University of Texas at Austin.

Every now and then I stop the car and walk, marvelling at the quietness and the beauty of it all but worrying about the positioning of each footfall – not because I care about my blue suede shoes but because I am afraid of stepping on a rattlesnake, whether a blacktail rattler or a western diamondback rattler or a Mohave rattler, or jerst any ole rattler.

What has set my nerves on edge is an account in the *Big Bend Quarterly* of an attack by a rattlesnake (admittedly in 1916) on a Fort Stockton cowboy, Roland A. Warnock. The rattler that got Roland had been coiled up in a cedar bush. "He was a big snake," Roland recalled. "Well, I had to kick him off me. It was like kicking a cedar post. He was about 6 ft or 7 ft long. I threw my axe at him, don't know if I hit him or not, but it scared me because I had known several people to die down in the Valley from snake bites." Roland did not die, but his leg swelled up "as big as four legs" and stayed like that for weeks.

These days, according to an informed estimate, about 500,000 rattlesnakes are rounded up in Texas each year, their meat, gall bladders, skins and rattles being in great demand inside and outside the US. In all its many forms, the scale and value of trade in North American contraband wildlife and wildlife products is now reckoned to rank second only to the illegal drugs market. Poaching takes many forms: exceeding kill limits, hunting out of season, slaughtering protected wildlife on state, federal or private land, using illegal equipment, and so on.

Coyotes, bobcats and foxes are trapped for sale to dealers in wild-caught furs. A single eagle tail feather sells for $20 to $30, a replica Indian war bonnet made of feathers for about $5,000. For $20,000, "guides" will help hunters find and shoot a bighorn sheep. Asian entrepreneurs, chasing epicurean delights such as bear hams and front paws, are reckoned to be focussing their attentions on the North American black bear. Poached bear gall bladder fetches up to $540 per dried ounce. In Japan, the same commodity can sell for $910 wholesale, double that retail. "North America," says one conservationist, "has the last big bear resources in the world. The Asians have overhunted their own bears due to their beliefs in traditional medicines; now they are going after ours. It's scary."

After driving up Green Gulch, heading for Panther Pass, I spend the night at Chisos Mountains Lodge, located in Chisos Basin, which attracts abundant wildlife.

Days 3/4: Following the excitements of Big Bend, the next two days, spent in and around Lajitas, are relatively low key, though not unenjoyable. On my way to Lajitas I stop at Terlingua, a ghost town famous for its early-November World Championship Chili Cookoff. It sounds a riotous affair, what with all those wet T-shirt competitions and cataracts of Texan beer.

As a matter of fact, since 1983 there have been *two* world championship chili cookoffs in Terlingua in the first week of November. This followed a split in world chili circles over rules and titles. As a result, separate cookoffs were held at separate locations. One of the cookoffs was called the "Original Terlingua International Frank X. Tolbert-Wick Fowler Memorial Championship Chili Cookoff, Inc (Behind the Store)." The other was simply called the "Chili Appreciation Society International Terlingua Championship Cookoff."

This year, both winners were women – a fact sufficiently unusual to cause comment in chili circles. The two groups are now reckoned to have patched up their quarrel and to have agreed to stage a single world championship in 1990.

Lajitas, beside the Rio Grande, is a small and pleasant town with a variety of accommodation, including the Badlands Hotel ("A faithful reconstruction of an Old West hotel") and the Cavalry Post Motel, built on the site of the original Cavalry post where General "Black Jack" Pershing housed his troops in the early 1900s. One of the town's attractions is supposed to be raft trips on the Rio Grande, though it looks a sluggish trickle of a river to me, mainly because of the volume of water siphoned off for irrigation. At some points you can almost jump across the river into Mexico. If you wanted to.

By driving hither and thither, I soon get an idea of the emptiness and aridity of south-western Texas. T.R.Fehrenbach, chairman of the Texas Historical Commission, believes that one of the most ominous portents for the Lone Star State is the steady decline of its rural communities.

"We're at a crossroads," he says. "Texans have always lived off oil, gas, cattle and timber, but it's all been exported. There's never been any accumulated wealth. When there was money, Texans rolled in money but shipped it all out. We're either going to learn to accumulate wealth . . . or we're going to descend into a Third World status."

After a night at Lajitas I drive north to Fort Davis, via Alpine, and am stopped at the roadside by an immigration patrol. The officers are extremely courteous. They have a frisky tracker dog. One of the officers thumbs through my passport. I tell him: "That's a useful dog you have there. Cross-bred ridgeback. Three years of age. Good on wet mountainsides. Nice conformation. I especially like his shoulder." He studies my passport again, genuinely surprised that anyone, anywhere, should have provided me with such a document.

North of Fort Davis I pay a call on McDonald Observatory, just in case they have started to receive instalments of *Encyclopaedia Galactica*; but they haven't. Then I check in at Prude Guest Ranch where the owner, John Robert Prude, an immensely hospitable man, hands me a Press release that says: "John Robert Prude is a Renaissance rancher. He has diversified ranching in a unique way. Prude has put people in his corrals. 'There has to be a way to make this old country produce more money, and that's why I'm in the business I'm in,' explains Prude . . . John Robert Prude, his four children, his father John G. Prude and all the Prude wives have turned Prude Ranch into a $1m per year business."

Day 5: I am now in San Antonio, which is a splendid base for touring central or southern Texas. I haven't been in Texas long, but I have enjoyed its panache, ostentation and machismo. In his book about Texas, *Honky Tonk Gelato*, Stephen Brook says that Texas and its culture inspire as much loathing as affection. "But no-one can deny that Texas has a vibrant character of its own, and a determined optimism that makes most Europeans look world-weary and effete in comparison. Nothing is impossible, say the Texans. And they mean it."

MICHAEL THOMPSON-NOEL travelled c/o Continental Airlines, which operates 44 flights per week between London (Gatwick) and the US: Houston, Denver, Newark and Miami. The standard fares between London and El Paso (one way) are £1,600 first class, £969 business, £384 economy, with Apex fares (bookable 21 days in advance: minimum stay seven days, maximum six months) available. Reservations: tel: 0293-776464.

Full details about Big Bend National Park (where to stay/eat/camp, etc) can be obtained from the park headquarters (tel: 915-477-2251) or from the Fort Stockton Chamber of Commerce, PO Box C, Fort Stockton, Texas 79735 (tel: 915-336-2264), which publishes a useful leaflet: Big Bend World.

Texas says it has now become the fourth most popular destination for British visitors to the US. There are numerous packages and travel combinations available. For example, the London-based tour operator Ranch America co-operates with British Airways to promote Texan ranching holidays and offers a choice of six dude ranches in the Hill Country around San Antonio and Austin. Details from Mary Moore Mason (account director, Texas) at Raitt Orr & Associates, 14 Buckingham Palace Road, London SW1W 0QP. Tel: 01-828-8961.

The Texas Travel Handbook is published by the Texas Dept of Highways and Public Transportation. Honky Tonk Gelato, by Stephen Brook: Picador, £3.95.

Skiing

Found: a White Christmas

*Yep, Colorado has it all, says **Arnold Wilson**, even snow*

SKIING WEATHER in the US is excellent at present, whereas most European ski resorts are groggy and almost out-for-the-count. Up to 7 ft of snow has been dumped on Colorado, and there have been blizzards in Utah. Even California, where snow conditions are poor, has enough snow for adequate skiing in the score of resorts around Lake Tahoe.

In most of Europe, however, something seems to have gone wrong again with the Alpine winter. The timing could hardly be more dramatic. With some 30 tour operators trying to carve a slice of the exotic US market, it would have been ironic if Europe had experienced its first decent winter for eight years. With the weaker pound and draconian interest rates making a serious dent in the British ski market, the US might have turned out to be something of a flash-in-the-pan. Once again, though, America has turned up trumps. Even the East Coast resorts of Killington and Stowe have plenty of snow.

Graeme Spratley, general manager of the US ski specialists, Ski The American Dream, says: "We're honestly not gloating. I used to be a rep in Italy and I know how they must be feeling. Recent winters in Europe have been dreadful for the industry."

These are early days, of course. But there needs to be a lot of snow in Europe to prevent a disastrous start to the season. Already, World Cup downhill racing in Europe has been suspended until January.

But there was plenty of the real stuff where I lay cocooned in Trapper's Cabin, on a remote hillside above Beaver Creek, Colorado, last weekend. As we shuffled through the Aspens in our snowshoes for a pre-breakfast walk, blue-crested Stellar's jays and chickadees squabbled over titbits left out on the bird tables. This is what winter – and Christmas – should be about. It all seems unattainable in Europe these days.

So much snow was falling in Colorado that our 100-mile journey along Interstate 70 to Denver became fraught. Thomas, the driver of our stretched Lincoln, had to plough through a blizzard that covered the road too quickly for the snow-ploughs to cope with. At Stapleton airport our jet to Reno was the last to leave a deserted airport after being delayed by snow for more than three hours.

In California they were apologetic about the snow. "It's dumped everywhere but here," they told us at Heavenly Valley. "There's a God-damned front in the Pacific and it just won't budge. Only 15 per cent of the mountain is open."

Since Heavenly is one of America's biggest ski areas, "only" meant that a whole clutch of good runs on the Californian side – Waterfall, Canyon, Ridge, Sky and Powder Bowl – were open. A similar area was open on the Nevada side. And dozens of snow guns were belching out man-made snow.

The glorious lake filled two-thirds of our field of vision. At the top of Sky Chair is another breathtaking contrast as you gaze down at the arid and sinister Nevada desert.

Then, Squaw Valley beckoned. After a meal at Carlo's Murphys – a bizarre Irish-Mexican restaurant where you can obtain exotic cocktails, such as a Pina Colada with Irish Mist – and a night but among the fruit-machines and gambling tables in Stateline; gigantic Marks and Spencer-sized places filled with regiments of machines, we headed for Squaw's magnificent six mountains. These include Red Dog, Emigrant Peak and K22, so named because the wife of the original landowner had to execute 22 kick-turns to get down. By current European standards the skiing was a dream. By Squaw standards, the snow was wearing a bit thin. No-one was complaining.

About 100 years ago, when the first photographs of the Rockies began to circulate throughout America, F.C. Nims, a railroad agent, wrote: "No longer do Americans need to cross the Atlantic and climb the frosty sides of Mont Blanc or gaze down the rock-riven slopes of Chamonix to gratify the love for the grand and romantic in nature which is implanted in every heart."

He could scarcely have foretold that in 1989 the British would start to foresake Europe and make the reverse journey across the Atlantic in search of snow.

■ *Arnold Wilson's visit was arranged by Ski The American Dream, 1-4 Station Chambers, High Street North, London E61JD. Tel: 01 470-1181.*

PROPERTY

Docklands: down, but not out

The collapse of one company does not necessarily spell disaster, says ***John Brennan***

PEOPLE LOOKING for straws in the wind have made a positive hayfield out of this autumn's financial collapse of the Kentish Property Group.

Kentish could have been custom-designed as a warning that worse was in store for the residential development sector. Here was a developer with heavy exposure in the London Docklands, and one which had specialised in selling off-plan houses years ahead of completions. Kentish had also grown very quickly – something that could well be regarded as laudable evidence of risk-taking and effort in much of the rest of the world, but invites criticism in Britain.

The fall of Kentish has caused plenty of speculation about which developer might be next to face a knock-out in Docklands. Ignoring £7bn of investment made or committed within the territory of the London Docklands Development Corporation, and forecasts of up to 180,000 new office jobs alone by the mid-1990s, otherwise rational people appear to believe that everything east of Tower Bridge is a commercial graveyard where the undertakers would even now be burying dead speculators but for the transport problems.

The idea that the whole area is now impassable because of abandoned piles of rusting BMWs is a fiction in such wide currency that it is danger of becoming a slice of folk wisdom. Even Sir Terence Conran's Butler's Wharf scheme, which would rank high on any list of the best residential conversions in Britain, has been blighted by such talk.

The slump in sales activity in the area would indeed signal disaster if it were to become a permanent, or even an unduly protracted, state of affairs. In this event, Kentish could rightly have been cited as the trail-blazer for a whole series of developer collapses.

But in a housing market where supply trails demand to such an extent that it took a virtual doubling of home loan costs to keep the buyers away, the only real medium to long term reason why the lack of sales might become permanent would be if the properties on offer could not be sold at a commercially viable price. News of what actually is happening to two of the major developments following the Kentish collapse helps to brush aside this notion.

Burrell's Wharf and Bow Quarter were two of the East End residential conversions that stretched Kentish beyond its own resources. Both have extraordinary histories.

Burrell's, on the southern tip of the Isle of Dogs, was once the site of Europe's most important shipyard. It was here, in 1858, that Isambard Kingdom Brunel watched the launch of his iron ship, the Great Eastern, which promptly stuck in the mud and partblocked the river Thames.

The Bow Quarter development in London E3 — Alan Harper

Bow Quarter was once the Bryant & May factory in Farefield Road, E3, where the match girls went on strike in 1888 – a campaign that spurred trade union development of the industrialised East End and the London docks.

At Burrell's, Kentish launched a 300-flat restoration and re-development in June 1988. Four months later, it doubled the stakes at Bow Quarter with a scheme for more than 600 units.

After the collapse, the Halifax Building Society was faced with providing £40m to complete Burrell's while Roger Oldfield, of the accountancy firm Peat Marwick McLintock, was appointed receiver at Bow Quarter on behalf of a banking consortium led by Security Pacific.

Before the crash, there had been about 80 advance sales at Burrell's with a completion value of £14m. Fifty of these were made in Hong Kong. Richard Spelman, the Halifax's head of marketing, and John Parker, of agent Brian Lack & Co., went there a few weeks ago and managed to get every one of the 50 contracts re-affirmed for completion next spring.

The buyers' deposits lost in the Kentish crash have been written-off, so the sales have been re-affirmed at 15 per cent below the summer 1988 price. That isn't out of line with sales' prices achieved nationally; but for an uncompleted Docklands scheme from a failed developer's portfolio, it is a sales success that hardly supports the disaster scenario.

The Halifax's own estate agency is handling sales in Britain; and even if UK-based purchasers prove less enthusiastic than those in Hong Kong about completing, confirmed sales on more than 60 per cent of the first phase – with a number of extra buyers lined up in Hong Kong to take-up British drop-outs – does gives the society's salesmen a head start.

At least Burrell's has its riverside site as a sales aid. What price 5.5 acres of red-brick Victorian factory site in the hands of a receiver in deepest E3?

'The fall of Kentish has caused plenty of speculation about which developer might be next to face a knock-out in Docklands'

There is a vast sign outside Bow Quarter that harks back to another pre-sales campaign and boasts "170 apartments sold." This is in danger of becoming a sick joke as infuriated buyers rail against Kentish, its bankers, and their own ill-fortune in putting down money with a developer who went bust.

On every count, Bow Quarter should be proof positive that the enthusiastic development schemes of the pre-1988 housing market – and particularly those that edged too far east from traditionally fashionable west-central London – really were misconceived. The reality is quite another matter.

Oldfield, who has responsibility for the £18m of bank money already sunk into the project and revolving credit facilities for a further £7m, is to sell part of the site with planning permission for more than 200 units.

He has already disposed-of the nearby Bow old town hall and theatre for £4m, which is more than Kentish paid for them 18 months ago. But he is pressing ahead with the 400-unit re-development of the core of the scheme, the Victorian factory and listed office buildings, and he is also completing the 400-space underground car park plus the leisure and recreation centre that helped to attract buyers in the first place.

So what of the original off-plan purchasers? Without completion money from them, the costs would fast overtake the revolving credit facility. But would anyone want to complete a sale in this market, and in these circumstances? Kentish's original sales agent, Alan Selby & Partners, was called in and declared: "We decided not to go for a big sales campaign because Bow Quarter doesn't have any competition from other developments in the area at this price or quality."

Brave words – but the result of several weekends of invited tours of the scheme by people on that original list of buyers has been formal confirmations or actual completions on just over 80 of the 170 advance sales.

Selby's Michael Marks says: "It's going very nicely. People like what they see and I wouldn't anticipate that the actual amount of drop-outs on the units will be much higher than you would normally expect on any pre-sold development: not much more than 10 per cent at the most."

Initial deposits lost with the collapse have been allowed against the sale prices. As Oldfield says: "We could have taken a hard line and said that their money was gone." But that, he agrees, would hardly have been the most diplomatic, or constructive, move. As he puts it: "I specialise in insolvency. It is not my aim to cause the collapse of the property market."

Selby held to the original Kentish offer to pay stamp duty and added a discount of a further 2.5 per cent, making a total discount equating to 10 per cent on apartments priced from £60,000 to £105,000. The remaining properties will be re-marketed when completed next spring.

Burrell's and Bow Quarter could hardly be described as roaring success stories. But the events of recent weeks give the lie to the idea that there is no market left to recover. And, at Bow Quarter, Oldfield has even found evidence that the residential speculator spirit is far from dead. "In the past few weeks," he says, "we have had three people who have confirmed on their purchases and who then sold-on at a profit."

ONE OF THE drawbacks of being such a classic English country village is that the High Street of Broadway, Worcestershire, becomes full in the summer with urbanites peering at this television advert-style dream of the country come to life. Broadway also gets real-life TV crews looking for a slice of "genuine rural England," as seen on chocolate boxes. They cross lenses with TV advertising crews looking for a ready-made backdrop to any brand wholesome enough to benefit from association with such country images.

If being part of that backdrop appeals, it would be hard to find a more impressive section of the High Street view than Pond Close Farm, an eight-bedroom, Grade II-listed Georgian town house with four acres of gardens on to open fields. Knight Frank & Rutley at Chipping Norton (0608-41914) and at Stratford upon Avon (0789-297735) is looking for offers in the region of £675,000 for the freehold of the farm which, in view of the tourist popularity of the area, is billed as having "scope for conversion to commercial or business use."

Timeshare 'death threats'

DEATH THREATS to Angela Willis, founder of the Association of Independent Timeshare Owners (IATO), have forced a merger between two of the main foreign property-owner associations. The Association will continue, but will now be under the wing of the International Property Owners Organisation, formed six years ago as an advisory service for the owners of properties abroad. Until now IPOO has not extended its legal and commercial services to timeshare purchasers.

Angela Willis formed IATO in May 1988 to provide advice for current and prospective timeshare owners. The Association won support from Edward McMillan-Scott, Euro MP for York, who has campaigned in the European Parliament for effective legislation to control the sales methods of timeshare and foreign property sales teams and to co-ordinate and regulate foreign property ownership laws.

Now Angela Willis is resigning as a direct result of a series of personal threats against her life. Sandra Lewin, who founded IPOO, and who will be director of the two Associations, says: "There is so much to be lost in a business where people may be selling a £45,000 apartment for £150,000, and have many apartments to sell . . and there are some unsavoury people in the timeshare business." Police are investigating the threats made to Willis. Lewin merely comments that: "These threats wouldn't be coming from the timeshare purchasers."

Membership of the two groups now totals around 5,000 owners and prospective owners. The two groups will retain their identity under the new arrangement.

Membership of IATO costs £15 a year and gives members advice on a range of timeshare matters, from details of proposed contracts to purchase to negotiations on management charges. "If people would take advice on some of the terrible contracts they are offered it would save an enormous amount of trouble," says Lewin.

However, this service causes considerable annoyance among some of the less reputable timeshare sales organisations and development companies. "They are sensitive to anything that might affect their image. It can cost them a small fortune if problems are brought to light in their sales and management agreements," says Lewin.

Membership of IPOO costs £30 a year. Foreign property-owners and those thinking of buying abroad can take advice from the Organisation's legal staff. "We help buyers to take apart contracts to purchase and help them sort out things that arise when they have a property. A lot of owners are not aware of their obligations to various authorities abroad."

Lewin accepts that she will be taking on the role of target for any future threats aimed at stopping this work. "I have thought it through, and I appreciate that it is a problem. I have had a few threats in the past, and it does make you feel a bit ill at first. But you can't let that stop you."

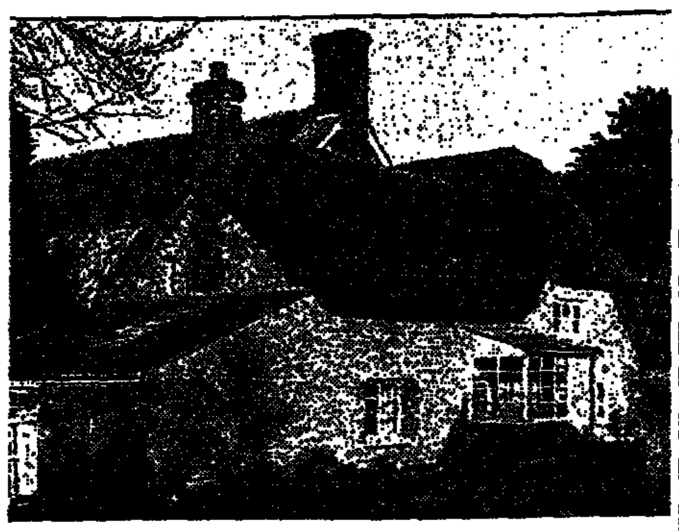
■ The International Association of Timeshare Owners and the International Property Owners' Association are now both based at the Swan Centre, Fishers Lane, Chiswick, London W4. Tel 01 995-1331.

J.B

DIVERSIONS

The Genius of the Place

Hobby horses ridden hard


Coate Farmhouse, the home of Jefferies

APPROXIMATELY a decade ago I was in love with a girl from Guildford. I mention it purely because I plucked from my shelves recently Richard Jefferies' autobiography, *The Story of my Heart* (1883), and see from the fly-leaf that it was either loaned or given to me by the mother of the girl from Guildford. Did she perceive it as the sort of volume to pass on for the clarification of a muddled young man? Did she foresee that her daughter's favours were only temporarily secured: that sooner or later I should be wandering the Surrey Downs alone, and in need of Jefferies as a solace?

Whatever her reason, I remain glad of the book, even though it is as painful to read now as it ever was. Richard Jefferies, despite serving some years as a reporter on the *Wilts and Gloucestershire Standard*, writes richly around his hobby-horses: and he goes for a good gallop in *The Story of my Heart*, which describes the growth of his soul in cosmic terms.

It is a courageous enterprise. We have all at some time reclined beneath a clear night and contemplated the cosmos, and tried not to get swallowed-up by the sheer boundlessness of it. What we then feel seems too far beyond us to frame with words: at best, if we attempt to speak, we court a sentence to Pseud's Corner. Yet these are just the sort of difficult feelings that Jefferies tries to record, and he achieves something more than a meaningless weaving of words. His writing is as good as mystical writing ever can be. Jefferies was born and raised on a farm, which he christened as Coate Farm. It once stood quietly on the road that leads from Swindon in Wiltshire to Hungerford in Berkshire: now it is hard by an access junction to Swindon, and has some brash new neighbours – a motel, a filling-station, a public-house. Coate Water, the natural playground for the young Jefferies and his chums (as recorded in *Bevis*), has been regulated as a site of public amusement.

In short, the Jefferies country has become suburbanised. Whatever hempen texture fitted Coate in Jefferies' time has been smoothed out. No hobnail boots; no billhooks in ham-sized fists; no gibbets, tumps and withies; nor sights such as "half a hundred moles nailed to a pigsty wall." A museum of farm implements and processes is among the amenities provided at Coate Water, but it cannot make up for what is lost of Jefferies. Public recreation does not run to trout-tickling.

Yet a part of Jefferies would approve the amelioration of rural conditions. It was in arguing for the improvement of the lot of the rural poor that he launched himself as a writer, with his letters to *The Times* in 1872. These were not about hearing the first cuckoo, but rather were documents (some 4,000 words long) of the squalid lives of farm labourers. His essays may subsequently become outlets for spiritual exercises under a Wiltshire firmament, but they also reveal Jefferies as an enthusiastically sensuous, if not sensual man.

Nigel Spivey visits the home of Richard Jefferies author of *Bevis*

Constitutionally fragile, he lived for the outdoors, so it is not surprising that the Richard Jefferies Museum has little to show. It occupies rooms in Coate Farmhouse that formerly served for ripening cheeses and storing lumber. When I visited it, I had the sensation of being a rarity. Swindon Corporation established the museum in 1960, and I doubt if anything in the display has been altered since then.

The most valuable feature of the visit was finding reprints of some of Jefferies' works, done by the Ex Libris press at Bradford-on-Avon. Jefferies is said to be an author's author, but that cannot wholly account for his survival in print. Some of his writing is currently available in paperback – less handsome than the editions displayed at the museum, less handsome than the editions in your grandmother's glass-fronted bookcase, but available – because there is a tradition in which Jefferies stands, a tradition of trenchant writing about the English countryside in which Gilbert White, William Cobbett, Edward Thomas and Henry Williamson also stand.

Its hallmark is the prose of close observation, more or less peppered with polemic, invariably righteous in the right places. Henry Williamson was a former president of the Richard Jefferies Society, which still numbers some 400 votaries. I see from its records that the society in 1951 put up a bench in honour of Jefferies on top of Liddington Hill, site of an Iron Age camp and some of his celebrated musings; and that this bench had to be removed as a result of vandalism. No cause for excessive gloom about that: those who read Jefferies properly will know that even in his rural England there were ruffians as well as butterflies.

■ *The Museum at Coate is open Wednesday, Saturday, Sunday 2 pm – 6 pm. Information about the Richard Jefferies Society may be obtained from the secretary C.F. Wright, 45 Kemerton Walk, Swindon, Wilts. SN3 2EA.*

Collecting

The wizard of Piccadilly

YESTERDAY was a jubilee that should not pass unmarked: the 150th anniversary of the birth of the father of English magic, whose establishments, first in Piccadilly and later in Langham Place, were for 60 years an indispensable feature of London's Christmas entertainment.

Paradoxically, John Nevil Maskelyne was stirred to become a professional magician only by his fervour to expose the deceits of the innumerable charlatans who fed off the mid-Victorian passion for spiritualism. He was 26 and already a skilled amateur conjuror when, in March 1869, two famous American "spiritualists," the Davenport Brothers, performed in his home town of Cheltenham.

The Davenports' act consisted of having themselves firmly tied up and placed in a large cabinet. No sooner was the cabinet closed than musical instruments inside began mysteriously to play or were hurled out of apertures in the cabinet. When the cabinet was opened, however, the brothers were still apparently tied as tightly as before.

Maskelyne went up on stage with other volunteers from the audience to testify that no trickery was visible. Instead, he infuriated the performers by announcing to the audience that he had seen through the illusion and, given a month or two to prepare the apparatus, he would duplicate the act.

Assisted by a cabinetmaker friend, George Alfred Cooke, he was as good as his word. The fame of this performance inspired Maskelyne and Cooke to turn professionals. After initial setbacks they acquired a clever young manager, William Morton, and in 1873 took a chance on renting the Egyptian Hall in Piccadilly for three months. They were to stay there for 32 years.

The Egyptian Hall – opened around 1812 – was an exotic landmark among the sober houses of Piccadilly, with its immense, tapered pylons, its Sphinxes, hieroglyphics and Coad-stone statues of Isis and Osiris. It opened as a museum of freaks and curiosities, and in its time was used for exhibiting paintings, mermaids, Aubusson carpets, Siamese twins, eskimaux, Ojibbeway Indians, South African bushmen and General Tom Thumb.

Under Maskelyne and Cooke it became "England's Home of Mystery!" In true Victorian style, they aimed to make their entertainment both instructive and entertaining. The novelty of Maskelyne's shows was that the magic was incorporated in humorous playlets and sketches. In *"The Original and Sensational Illusion – Decapitation"* or *"No Cure No Pay,"* Maskelyne played a quack doctor and Cooke a rustic patient who loses his head.

The Davenport cabinet trick was adapted for their most famous and longest-running attraction, *"The Mysterious and Mirth Provoking Transformation Sketch,"* entitled, *"Will, The Witch and the Watch."*

In this slapstick affair, a brave sailor (Cooke) was put in the cabinet by a mean watchman (Maskelyne), but rescued by the friendly local witch (Maskelyne again), with the aid of a gorilla (Cooke) and Joe Killbull, a butcher (Maskelyne).

Janet Marsh celebrates the father of English magic

They never gave up their pursuit of the charlatans. The new feature for the Christmas of 1889, for example, was *"The Bloomsbury Proper Ganders of Spiritualism,"* presented in the glare of a brilliantly-lit stage, and "pronounced by the entire London press to be the "most wonderful interesting and amusing sketch ever introduced." Maskelyne was not shy of self-advertisement.

In 1875 he added to the delights of Victorian London a quartet of automata that were to achieve fame. Psycho was an Indian who played a skilful game of cards and did arithmetical calculations; Zoe wrote and drew portraits; Fanfare and Labial performed, respectively, on clarinet and euphonium.

"The figures are too small for even a little boy or girl to be concealed inside them," marvelled the *Illustrated London News*, "and they are placed on glass pedestals which might be supposed to preclude any communication with them by wires, cords or tubes."

A Maskelyne and Devant programme: the pair became fascinated by moving pictures

Psycho, the star of the group, eventually passed to the London Museum but never yielded up his secrets; his companions may well still survive somewhere in a public or private collection.

The equipment, literature and ephemera of magic has passionate devotees, often among practitioners. The magician Paul Daniels was a prominent buyer when the vast J.B. Findlay collection of magic was sold, for record prices, by Sotheby's a few years ago.

An enthusiastic visitor at the Egyptian Hall in the 1880s subsequently to become one of the first great film artistes. Maskelyne and his new partner, David Devant, were themselves fascinated by the new invention. Moving pictures were screened at the Egyptian Hall only a month after the Luminere brothers gave the first public film show in England; and soon Maskelyne and Cooke were producing their own films.

The Egyptian Hall was demolished in 1905 on the expiry of the lease and "England's Home of Mystery!"" moved to St George's Hall, Langham Place. Maskelyne died in 1917, but the family tradition was carried on by his sons and grandsons.

Maskelyne left Langham Place in 1933, but Jasper Maskelyne was still touring a magic show after the Second World War.

The last Maskelyne died in 1976, ending a century-long dynasty of magicians and one of the longest-running of Victorian London's entertainments.

Planet Earth

A religion for the future

A new project aims to found buildings dedicated to prayer and contemplation

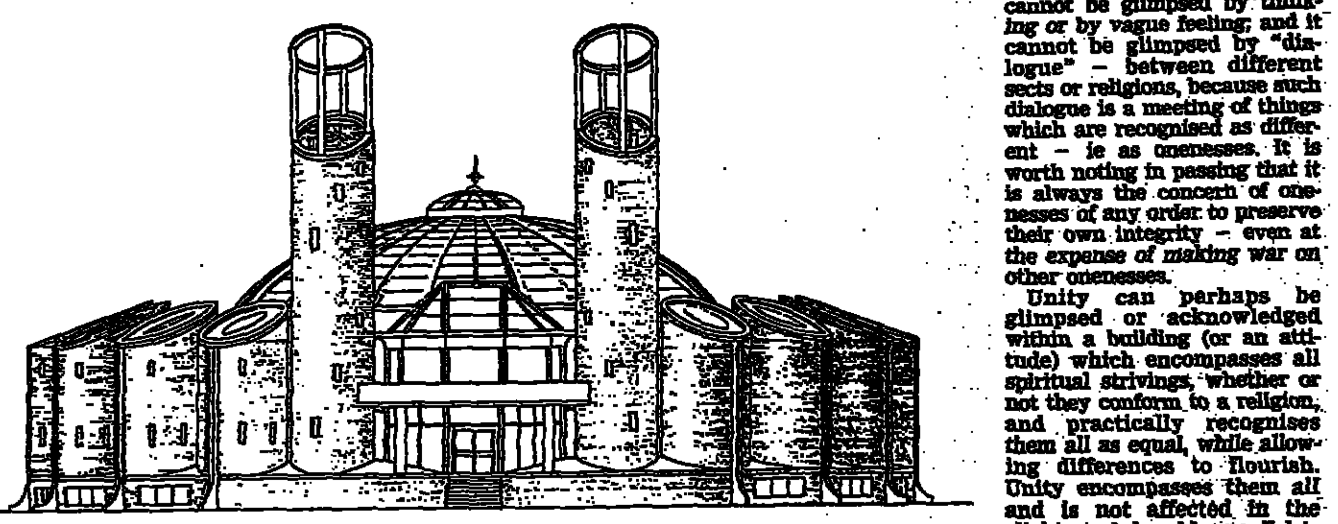
THE DEVENTER Project is concerned with global, but non-uniform, religion for the future. Robin Waterfield outlines the thinking behind the project, of which he is chairman.

ON WEEKENDS when the weather is warm, the British are drawn, as if by some force greater than themselves, to the seaside. Some drive Porsches and BMWs, some 2CVs and clapped-out Minis; some ride bicycles, and others even walk. The question is this: once they are all out of their cars and on the beach or in the sea, how can you tell the Porsche-owners from the pedestrians?

The cars in my analogy represent religions. Religion is a natural human striving (which is why anyone who pretends to reject religion is in fact left with a God-shaped hole). What is being sought is something bigger than oneself. However, as we all know, it is not easy to gain access to a bigger, meaningful existence. The doctrines and practices of a religion provide the means for people to grow into a bigger world. In short, religions are vehicles. Some may take them as ends in themselves (just as some people stay in their cars by the sea), but might there not be farther to go, something bigger to dive into? If the members of any two religions meet and talk, but fail to lift themselves over the hurdle of doctrine, they will be easily recognisable. They will be as distinct as a Porsche-driver and a pedestrian. However, if they let go of the vehicle and mingle on the beach of real experience, they will undoubtedly find that their experiences, unclothed, are all but identical.

Now to turn the analogy into philosophy and theology. Philosophically, consider the difference between "oneness" and "unity" (despite the fact that the words are often used interchangeably). "Oneness" implies individuality: every single thing in this universe is one thing, and therefore has oneness. "Unity" implies a gathering together of all things.

Theologically, we may say (after the Christian mystic Meister Eckhart) that God is one, but Godhead is a unity - or the Unity. Every God is one, whether it has had a recognised religion formed around it, or whether it is your or my personal God. There are many Gods, but you cannot count Unity. Unity cannot be conceptualised, imagined, formulated in words or images, because it is greater than the sum of its imaginable parts; it would be a small Divine that could be grasped by the human mind. Unity cannot even be approached, because that implies separation between you and it. It can only be acknowledged.


Deventer Hall by Byron Zellotis

The aim of the Deventer Project is simple. It is to build buildings dedicated to the practice and development of prayer, meditation and contemplation – in short, of any form of non-accidental access to the Divine. The buildings would be altogether non-denominational and would be open to anyone who wishes to perform or learn such practices, in private or with others, in silence or not, and whether or not these practices fall under those of an established religion.

The buildings the project intends to establish would all be based on a common architectural design, which is complete on paper. The design is based on numerical laws representing the descent of utter simplicity into relative complexity in which simplicity is nevertheless comprehensible. But these principles are implicit: the overall design is such that it is recognisably religious, but does not conform to the architectural idioms of any religion in particular. Essentially, it consists of a central domed hall surrounded by a corridor off which are 'cells', so that the building as a whole allows for both private and group practice of prayer, meditation or contemplation. The building has an entrance hall designed to strike a note of order and freedom; and twin elliptical towers soar from the rear of the building. The basic pattern of central hall and surrounding cells could be built out of marble on a grand scale in a Western environment, or out of mud in an African village, and it would still conform to the same principles.

The Deventer Project is named after the original home of the 14th century Brothers and Sisters of the Common Life. This movement – its most famous early member was the German monk Thomas à Kempis – is little known in this country, though better known in Europe. Its concern was to make knowledge available on a wide scale, chiefly through establishing both lay and clerical schools and colleges throughout Europe. While acknowledging the precedent, the Deventer Project recognises that the wide scale today is a global scale.

The Deventer Project holds, then, that it is the same Divine which is worshipped in all times and in all places under the many guises of the many different religions, sects and sub-sects; and it holds that no religion or philosophy possesses a monopoly on religious truth or on the way to approach the Divine.

This might sound obvious to some people. And it might sound no different from the familiar ecumenical and inter-faith movements, or from the Baha'i religion. If it were identical to these, the Deventer Project would be redundant. It is not redundant. Consider this apparent contradiction: how can it claim that there is only one Divine, and in the same breath offer a home for anyone, of any denomination (or none at all) to worship? The first suggests an interfaith crusade; the second contradicts such integration.

But if the "one Divine" is understood as "Unity", then the Deventer Project's aims come into focus. The reason for building such buildings is not just to provide a common home for all the different religions, nor just to cater for the huge numbers who are religious but homeless. The reason is to create an environment in which Unity can be glimpsed – no more is possible. But it cannot be glimpsed by thinking or by vague feeling; and it cannot be glimpsed by "dialogue" – between different sects or religions, because such dialogue is a meeting of things which are recognised as different – ie as onenesses. It is worth noting in passing that it is always the concern of onenesses of any order to preserve their own integrity – even at the expense of making war on other onenesses.

Unity can perhaps be glimpsed or acknowledged within a building (or an attitude) which encompasses all spiritual strivings, whether or not they conform to a religion, and practically recognises them all as equal, while allowing differences to flourish. Unity encompasses them all and is not affected in the slightest. A humble parallel is that a Deventer Hall can encompass them all and still retain its own architectural nature.

The project is attempting to gain charitable status – which is quite difficult under British law, which seems (for perfectly understandable reasons) to require from a religious charity specific doctrines and/or specific forms of worship. This is plainly the opposite of what the project intends. It is not trying to convert anyone: its sole aim is as stated above, it is testing the water: there may be many people who share the same convictions. If you care to, please write to: The Chairman, Deventer Project, 2 Gondar Mansions, Gondar Gardens, Mill Lane, London NW6 1NU.

A glut on the landscape

THERE'S AN ominous whisper in the shooting set this season. Everybody's heard it; few admit to it. Pheasants are going underground.

For the past few years there has been a glut of pheasants, but this year it has reached such a scale that estates cannot get rid of them all. At the end of a day's shoot the pheasants – dozens of them – are being thrown into freezers for next season's shoppers – or surreptitiously buried.

Sportsmen do not like to talk about the fact, but it is widely known in shooting circles that game is being interred because it cannot be sold, partly because of competition from Communist imports. Burials are reported particularly in Kent and other parts of the south.

This would be a red-rag to the anti-blood sports brigade if it were widely known. It also creates a delicate problem for the British Field Sports Society as it throws the ethics of shooting into question.

Shooting, unlike foxhunting, has avoided the more vitriolic contempt of anti-blood sports demonstrators. This is because if bloodsports have any moral justification, shooting-to-kill-to-eat, it could be argued, is one of them.

If, however, the birds are buried or stored for months, the argument crumbles, leaving an image of blood-lusting guns thirstily sweeping the countryside to satisfy the instinct to kill. Why not simply vent one's aggression on clays? This is an issue that the British Field Sports Society would clearly prefer to avoid.

The BFSS says that it has, so far, not come across any instances of birds being buried, adding that if it is going on "it would be deplorable." Charles Nodder, information director of the Game Conservancy Association, acknowledges, however, that birds are being frozen. He said: "In some cases the surplus of pheasants is caused by game dealers already having a few thousands birds frozen from last year."

But Nodder is mainly worried by the effect the falling pheasant prices will have on the upkeep of estates, which on average obtain a seventh of their income from the sale of game.

So what has caused this glut?

First, it has been a good breeding season. There are always losses because of bad weather in the short October-to-January season, but this year the conditions have been good.

More significantly, there has been a heavy reduction in the number of birds exported to Europe. As Mark Leathan, of Leathans Larder (London's leading game dealer, supplying Harrods, the Ritz, Selfridges and the Savoy) explains: "Britain used to be the chief exporter of pheasants, but since last year the market has been saturated by an influx of pheasants from the Eastern Bloc and farmed birds from China, where game has become big currency." Stricter health regulations from the EC are also threatening to limit the supply from Britain.

This has hit the big commercial estates badly since they are used to exporting 60 to 70 per cent of their produce each year. Unable to find buyers at home to take on the surplus (consumer demand for pheasant has remained static over the last ten years), they have no alternative but to find some other way of getting rid of the birds, like burying or freezing them.

Finally, shooting has become a more popular sport. Ian Woodhouse of T.S.J. Woodhouse game wholesalers – and also a keen shot – explains this as a desire to escape to the country. He also says that "shooting is an instinct in us all." This would presumably account for the growing popularity of shooting with City workers.

Shooting has become a "fave" sport among brokers. It's a good way of entertaining (mainly male) clients. On a sporting day a company will pay a farmer an average of £13 to £16 per pheasant shot. During one shoot in Kent this year with 12 guns and six drives 1,000 birds were shot. The first drive was described as one where you couldn't miss – "it was like a cloud of pheasants above." It takes no great mathematician to work out the estate's profits at the end of the day.

The effect of the glut has been a sharp drop in pheasant prices: but only on the wholesale side, which has caused confusion in the market. Harrods, for instance, still charges £5.20 for a pheasant – the same price as last year. Yet, direct from the estates, dealers can buy pheasants for as little as 70p a brace, less than half last year's price.

The field sports society blames the "middlemen" for this discrepancy and urge retailers to lower their prices to help bring the pheasant to the consumers' attention.

There remains the problem, though, of whether the general public will want to buy the birds – even at a reduced price. Game is viewed with suspicion by the notoriously conservative British housewife. Many do not like the idea of eating a bird that has been shot. Tantalising as a decoratively dead pheasant may look on the cover of a winter issue of a country magazine, a bird hanging at a butcher's, eyes glazed and waiting to be de-gutted, is a different matter.

Leathan, however, contends that, if properly marketed, pheasant sales would increase dramatically. Advertise the birds as value for money, flavoursome, organic and with a low cholesterol level; "oven-ready" them and package them prettily and they might well capture the British culinary imagination.

Melanie Cable-Alexander

Simply secular

YOU DON'T have to be Christian to celebrate Christmas. People whose religious commitment extends no further than writing "C of E" on nosy official forms can still relish a few verses of *Once in Royal David's City*.

Practising or not, though, Britain is still nominally a Christian country and its festivals – particularly Christmas – are absorbed into the social as well as the religious calendar.

There are just as many "holiday" Jews as there are "holiday" Christians, never appearing in the synagogue except for weddings, funerals and festivals. But even those of us who are only in it for the *lockshen* soup and the *latkes* become aware of our identity as a minority religion as soon as the lights go on in Oxford Street.

Neglecting our own observances doesn't mean we're all that comfortable about embracing other people's. So what does a British Jew do about Christmas?

Ignore it? You can try. But unless you cut yourself off from the media, do no shopping from about October 1 to the end of the year, and stop going to the hairdresser ("What are you doing for Christmas?" seems to take over in mid-September from "Had your holidays yet?"), you'll be hard-pressed to remain even in official ignorance.

And, anyway, why should we ignore it? Christians did, after all, poach the mid-winter celebration from the pagans and there seems no reason why Jews shouldn't enjoy a little secular merry-making to carry them through the winter.

My parents were married on Christmas Day (my father's two aunts ran a pub in London's Charlotte Street, and December 25 was the only day it was closed). So, my clan always had a perfect excuse to celebrate along with the rest of the nation. And an economical turkey seemed a most sensible option to my mother when there were up to 17 people for dinner.

There were no Christmas presents. The traditional gift of money – *Chanukah geld* – was given but most of it, as I remember, was appropriated immediately from us children, put into little blue and white tins and sent off in our names to plant trees in Israel.

I don't remember feeling particularly deprived at the time. I rather liked the idea of a cypress called Marilyn. But families today are under much greater pressure from media advertising and the endless carolling in the High Street. The emphasis on Christmas being a time for children has placed non-observant Jewish parents in an invidious position. Either they expose their children to inevitable discomfort among their peers or they succumb to the same buying round as the rest of the nominally Christian nation.

"Unless one is ultra-orthodox, I don't see how Jewish people can fail to become involved," says Barbara, whose son and daughter are among only a dozen or so Jewish children at their local school. "Of course my kids want presents. All their friends get them and it would be a shame if mine were the only ones left out. But Chanukah is a time for giving, too, so we combine the festivals."

For Andrea, a working mother of three, Christmas is a welcome opportunity to get together with the rest of the family. "It's a public holiday, a chance to see busy people which we can't often manage. And, of course, I make a special meal – that's basic Jewish hospitality!"

Nathalie's family also exchanges presents. "It's an opportunity to focus our appreciation of our friends and relatives, and all they mean to us, during the year. We give presents in accordance with the custom, to say thank you." Are they Christmas presents or Chanukah presents? "It depends how old you are," laughs Nathalie. "The children get both."

In common with many parents, though, Nathalie is concerned about what she describes as "the buy-me syndrome": the never-ending demands of children whose wants are fuelled daily by television advertising. "It's giving that's important, too," she says.

Andrea agrees: "It's hard to get that across to a child, and I do sometimes feel compromised by all the Christmas pressure." Nevertheless, she welcomes Christmas: "It's a reviving time. We all need holidays, whatever faith we belong to. And the true message of Christmas is peace to mankind. That should be universal."

Marilyn Bentley

REFLECTIONS

. . . to go through the eye of a needle

*Has the church come to terms with the Thatcher decade? **Christian Tyler** reports on the theology of wealth creation*

IT WAS AN unusual event, and one that seemed appropriate to the last Christmas of the Thatcher decade in Britain. Under the hammer-beamed roof of a theological library in the City of London, the Chief Rabbi was instructing an audience of Anglican clergy and faithful. "We have always regarded wealth as a blessing," he said, "not something to apologise for."

During the polemical '80s, Prime Minister Thatcher's watchwords have been self-help, free enterprise and popular capitalism. She has often acknowledged her debt to the Judaic tradition. She has raised the Chief Rabbi, Immanuel Jakobovits, to the peerage. She has wrestled with the established Church for the moral high ground, offered a biblical justification for her economic policies, and has been regularly criticised by the Anglican clergy for the consequences of those policies.

Thatcher has tried to re-invent the Puritan ethic of hard work, of wealth before welfare, that fuelled the industrial revolutions in Britain and America. But the Church of England, like the rest of the old Establishment, has clung to the anti-industrial, anti-materialist and somewhat patrician ideals of the modern era. Now, at the turn of the decade, the Church – or, at least, a part of it – is hurrying to meet the challenge of Thatcher's polemic.

For long periods of its history, Christianity has extolled the virtues of poverty. Churchmen have been more interested in the distribution of wealth than in its creation. Today, though, theologians are re-reading the words of the Gospel: the parable of the talents, the Sermon on the Mount, the story of Dives and Lazarus. Did Jesus Christ really mean *it* to be so difficult for a rich man to get to heaven?

For a Church in decline in a world where wealth creators have governmental blessing, the answer to that question is more than academic. Clergymen have been busy learning the jargon of flexible manufacturing, of fiscal drag and the leveraged buy-out, in order not to appear helplessly naive during their missionary forays into the temples of Mammon. Christian businessmen, meanwhile, have been demanding to know why it is that the Church never seems to have an approving word for them. And that is why the Chief Rabbi found himself invited to the Sion College library last week as one of three speakers on the theology of wealth creation.

Jakobovits regards Thatcher as the product of her age, a sign that the the country is turning back to old values it abandoned in the '60s. He sounds like a Thatcherite, but he says it with more compassion. He was careful to explain last week that Jews regard social justice as part of the order of creation, and private charity to the poor (amounting to at least 20 per cent of a person's wealth) as a religious duty. But, he added, the highest form of blessing was "to eat of the toil of your hands," and the highest form of charity was to provide others with the means to make their own way in the world.

He was a great believer in the welfare state, he said, but the state should not give as a right what can be earned by struggle and effort. The tramps living in cardboard boxes in the centre of London were a disgrace to our society, he agreed, but we should strive to help them raise their own sights. They were symptoms of other evils, such as the breakdown of the family or drug addiction. "It is not just a matter of building more houses."

Traditional Islam, too, has a relatively clear-cut theology of wealth, ill-adapted as it might be to modern capitalist countries. The amount of religious tithe, *zakat*, is defined in percentage terms. If that is not enough, the sufferings of the poor must be alleviated by alms-giving and further state taxes. The modern view, said Dr Zaki Badawi, principal of the Moslem College in London, has a more socialist tinge: that wealth should be considered a social, not a private, good and that the state should limit the assets of the rich whether there is poverty or not. The profits of monopoly and of gambling are forbidden by Shariya law, but the ban on usury has been circumvented by a system of dividends or rents, applied fairly or not.

Christianity, by contrast, has never found the subject of money easy. The Old Testament applauds wealth as a gift from God but the Gospels are much more ambivalent. That allows Anglicans of the New Right – like Professor Brian Griffiths, the Prime Minister's policy adviser – to put a thoroughly affirmative interpretation on the Gospel parables. According to Griffiths, Jesus was making spiritual points, not economic ones, in His strictures on the rich.

"What's wrong with materialism?" asks Canon Geoffrey Brown, rector of St Martin-in-the-Fields in London's Trafalgar Square. There are stalls in the church precinct and tramps on the doorstep. "The Church is still basically rural: it's still in Barsetshire, whatever we say about the church urban fund and the inner cities. It exists on one-remove, laundered, *safe* money. But Mrs Thatcher has got it wrong, too, in some ways. She thinks that if you create wealth, people will naturally spread it around."

Kenneth Adams, Comino Fellow of the Royal Society of Arts and a veteran defender of industry's reputation, puts it this way: "The churches have always celebrated the harvest. Is closing a big financial deal any different from a good harvest? Why is it that healing is seen as fundamentally good whereas producing is not? The Christian challenge is what you do with the money, whether you are a doctor or a bond salesman."

Other Christian commentators take a rather less robust line. A Jesuit philosopher, the Rev. Professor Jack Mahoney, told his Sion College audience that it was easier for modern Christians to attack disparities of income than to construct a theology of wealth creation. But it did not help that the ball had been set rolling, defensively, by right-wing politicians or economists. "What are at issue here are the fundamental ethical questions . . . that is, to what degree self-interest is equated with greed, as it need not all be; and whether human competition is to be viewed as the negation of human equality, as it need not be, either."

David Edwards, Provost of Southwark Cathedral, said the Church of England should not be accused of falling prey to a "conspiracy of bishops ignorant of economics," although it had for some time filled the political vacuum left by a disorganised Labour opposition in parliament. Traditionally, the Church was concerned to identify a better way of ordering society than *laissez-faire* capitalism or state socialism. It would not be deflected from dealing with social questions by those who demanded it confine itself to questions of sex and salvation. Many Conservatives and big businessmen had had their consciences shaken, he said, and the churches had not helped them by failing to come to terms with the Thatcher revolution.

The poor south bank of the river Thames has long looked askance at the wealth of the City and West End. This is as true of the clergy as anyone else. The Rev. Peter Challen has been at the South London Industrial Mission in Southwark for 23 years. Industrial chaplains tend to favour the "liberation theology" of the assembly-line priests and slum missionaries in Latin America, putting the welfare of the workers before the consciences of the bosses.

Challen has been trying to carry out what he calls a "theological audit" on big companies with offices in his area. He tries to persuade them to answer a questionnaire about how they conduct their business in the hope that it might galvanise them into a self-critical moral appraisal. Not surprisingly, he has occasionally been shown the door. He argues that wealth creators are vulnerable to three temptations: to feel superior to other mortals, to put the job before the people, and to see money as the measure of all things. But, more importantly, they have been allowed to detach themselves from the consequences of what they do. In these days of global companies, boardroom decisions can have far-flung repercussions.

Even as the theologians debate the morality of wealth creation, the climate is changing. In the coming decade, ecology-conscious politicians will be working out how material progress is to be regulated and how the market is to be interrupted in order to prevent long-term environmental disasters. Encouraged by the collapse of state socialism in eastern Europe, a new social market consensus could emerge. People will again be forced to ask themselves what the creation of wealth is *for*. Whether churches and clergy will provide an answer is another matter.

Who's for Canterbury?

***Linda Christmas** on an impending battle between bishops*

THE CHURCH of England will be aglow tomorrow. Christmas Eve is its most popular date, when those who ignore the institution for most of the year turn up for candlelight and carols. The Church, dignified as ever, will accept this annual show of affection with good grace. It, too, is happy to rest beside the weary road. And it has been a weary year indeed for ecclesiastical decision-makers.

For example, there is the obsession with women. The US already has a woman bishop, New Zealand is about to get one, even Ireland has said "yes" to women priests, and yet in England the church is still humming and hawing and has three years to go before it takes a final vote. Then there is the question of divorced clergy and remarriage, and the place of homosexuals in the church. All strength-sapping stuff. Meanwhile, the number of church-goers continues to decline, and the number (and some say the quality) of ordinands diminishes.

Poor church. But as midnight passes into Christmas morning many will hear the echo of a more recent clarion call. Last year's Lambeth Conference, attended by 500 Anglican bishops from around the world, voted to make the 1990s a Decade of Evangelism, a decade when the Church should stand up and give a lead to people fed up with secular cynicism and fearful of fundamentalist alternatives.

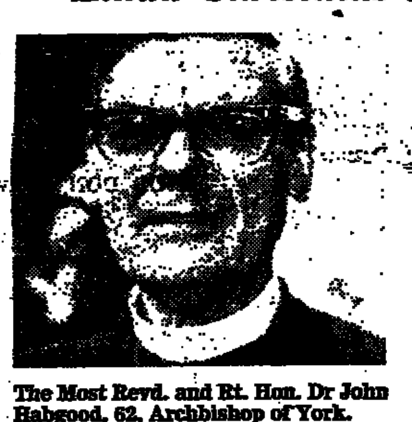
In 18 months since that meeting, nothing much has happened. "Must try harder," murmurs the church and, knowing that it has a leader who is by temperament and training unable to give such a lead, the Church nods off again, knowing it will not see another full house until Easter.

Robert Alexander Kennedy Runcie, 102nd Archbishop of Canterbury, has to retire on his 70th birthday, which is in October 1991. There was once much talk that he would not stay the course. Such talk can still be heard, but it is more muted. Dr Runcie will not be bullied by his critics; every time they kick his shins he gets a new lease of life.

But whether he retires early or not makes little difference. 1990 is still going to be the year when, all around the country, in vicarages, deaneries and cathedral cloisters, Trivial Pursuit will be discarded in favour of "Who's for Canterbury?" And while we are at it, "Who's for London?" as well, since Graham Leonard, the present incumbent, also will be retiring in May 1991. So, positions one and three are up for grabs (number two is Archbishop of York). Such changes at the top are always important, but this time they are more significant than ever.

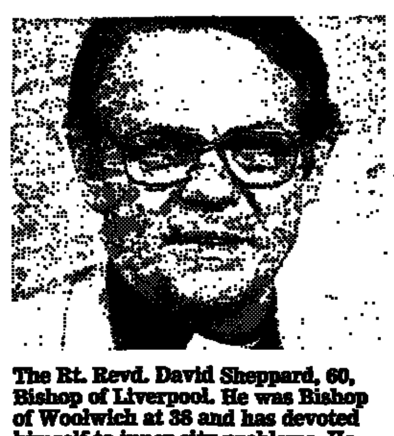
Dr Gareth Bennett was the first to make this apparent. Two years ago, at Christmas, the Church of England was weeping. Dr Bennett, had, in time-honoured tradition, written the anonymous preface to *Crockfords*, the church's *Who's Who*, published every second year. In this preface Bennett, a traditionalist, criticised the Archbishop of Canterbury's style of leadership, and the way in which liberals – ecclesiastical wets – seemed to have taken over the church. The press scented trouble and became determined to unearth the author. Bennett, fearful of discovery and already saddened by his lot in life, committed suicide.

The Church responded by abolishing the preface to *Crockford's*. This month a little book, *The Churchman Preface*, has taken up the challenge. It is anonymous; it costs £2 and it ought to find its way into most priestly Christmas stockings. It is a good read, with chapters on all the trendy issues – including homosexuals and women priests. It contains no criticism of the present archbishop, but there is witty speculation about who will be the next Cantuar. And there is a definite longing for another William Temple (Archbishop of Canturbury 1942-44), a "People's Archbishop" with Convictions he is not afraid to declare.

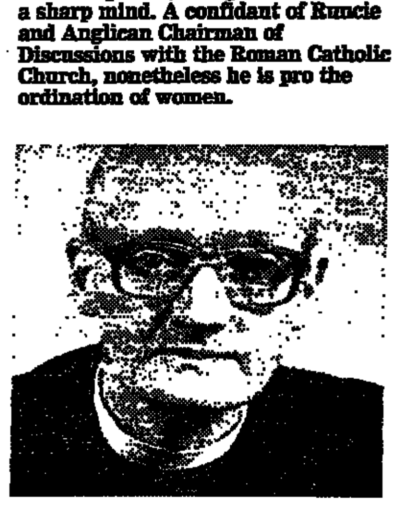


The Most Revd. and Rt. Hon. Dr John Habgood, 62, Archbishop of York. The cleverest of the bunch, he gave up academic science for the cloth. This background would seem appropriate to a scientific age. Disliked for his Liberal views by both extremes of the church. Age is a slight problem since he will have retired before the 1998 Lambeth Conference.

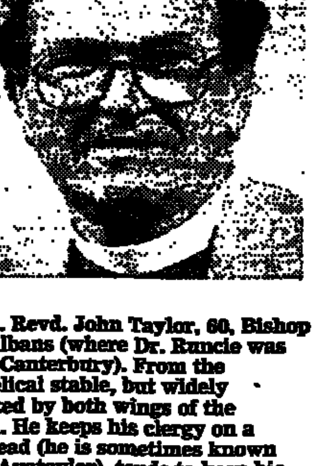
The Rt. Rev. Mark Santer, 53, Bishop of Birmingham. Santer belongs to Christian CND, is active in NACRO and unafraid to speak out on social issues. Godly (goes on retreats), self-disciplined, energetic and has a sharp mind. A confidant of Runcie and Anglican Chairman of Discussions with the Roman Catholic Church, nonetheless he is pro the ordination of women.



The Rt. Revd. David Sheppard, 60, Bishop of Liverpool. He was Bishop of Woolwich at 38 and has devoted himself to inner-city problems. He has done wonders with Liverpool's sectarian troubles by working hand in glove with the Roman Catholic Archbishop, Derek Worlock. In many ways it would be a shame to spoil the team; wags say he would turn down Canterbury unless it were offered to Worlock as well, and indeed that he'd turn down London unless Worlock got Westminster. Finest batsman of his generation, non academically inclined.



The Rt. Revd. Richard Holloway, 56, Bishop of Edinburgh. A lanky bald Scot from a poor home, who talks about God in earthy terms and is an able television presenter. Some time Vicar in both England and the US, he belongs to the "Catholic" end of the Anglican spectrum, but is scathing about opponents of the ordination of women. He could shake up the rather staid English Bishops (and do for the Church what Lord Mackay has done for the law). Tough, imaginative, good on Aids (a huge problem in Edinburgh). Thatcher is known to have read his books. On the short list for Primus of Scotland next month (elected by fellow bishops).



The Rt. Revd. John Taylor, 60, Bishop of St Albans (where Dr. Runcie was before Canterbury). From the evangelical stable, but widely respected by both wings of the church. He keeps his clergy on a short lead (he is sometimes known as the Ayataylor), tends to keep his own counsel and is a good preacher. Friendly with Brian Griffiths, who is close to Thatcher. Taylor is chairman of the Church's Communications Committee. Solid, godly and clever (double First), But is he streetwise?

"The Preface suggests that the present Archbishop of York is the "man with the best leadership temperament," and tacks on three other names that "would not disgrace the office": Richard Harries, the Bishop of Oxford; David Sheppard, Bishop of Liverpool; and Robin Eames, The Archbishop of Armagh. To test these suggestions – and to find others – soundings were taken among a random sample of senior churchmen and church goers.

"What qualities will be needed by the 103rd Archbishop? The list is lengthy. He must be a Man of God, capable of giving a coherent presentation of his beliefs and of acknowledging that the '90s is a Time for Affirmation; a man of imagination and vision, more concerned with building the Kingdom of God than with "religious club" issues; a diplomat capable of keeping the church's many factions together; preferably a Catholic-minded Evangelical or an Evangelical-minded Catholic; an international statesman. He should be the intellectual equal of Popes and professors, politically skilful, able to cope with cliques as well as question government policy; a good communicator, a competent administrator, streetwise and socially at ease with grandees and East-enders.

There is only one candidate who, as Churchill said of William Temple, "is a sixpenny item in a penny bazaar." That person is John Habgood, Archbishop of York. Everyone in the church has views on Dr Habgood. He is often admired for his intellectual ability but is not often liked; rarely have I heard such bitter things said of a man. It was even suggested that his appointment to Canterbury would be the "death knell of the Church of England."

Some of his enemies may be suffering from envy; some may have heartfelt reasons for wincing at the sound of his name: some go so far as to argue that the *Crockford's* preface was really intended as a shot over his bows, that Bennett did not want another liberal to lead the Church.

Habgood is a liberal, but not in the same mould as Dr Runcie. He describes himself as a "conservative liberal." Many charge him with coldness, but I would not call him cold so much as detached, which could be an advantage. His biggest disadvantage is simply that of age.

The boldest nominations handed the mantle to the Bishop of Bath and Wells or the Bishop-designate of Ely. The Rt. Rev. George Carey, 54, Bishop of Bath and Wells, is a newcomer to the bench of Bishops. He is a genuine Eastender from an impoverished home where education was underrated. He left school at 14 and now has a Phd. He is described as "kind, trustworthy and human." He already lives in a moated palace, thus having a chance to get used to the lifestyle.

The Bishop-designate of Ely is Stephen Sykes, 50, Regius Professor of Divinity, Cambridge. Who? He has never held a parochial appointment and will not become a Bishop until May. It does make him a touch light on experience; but then St Ambrose was baptised, ordained and consecrated all in one go, sometime in the 4th century. Sykes is, I was assured, a "man of vision," and his appointment would be Mrs Thatcher's way of showing what she thought of the present Bench of Bishops.

But then Mrs Thatcher may not be in No 10 at that point. And anyway, such is the system of choosing a new leader that a bold and imaginative appointment is unlikely. The method is said to be "democratic"; it is more democratic than it used to be but it is certainly not one Anglican, one vote.

The shortlist of two is drawn up by a committee of 16, sworn to secrecy. The two names may be in order of preference. The Prime Minister can forward either to the Queen or reject both and ask for two more. The Prime Minister appoints the all-important chairman to the committee; last time it was Sir Richard O'Brien, formerly of the Manpower Services Commission. The Bishops have two nominees to the committee, the clergy three and the laity three (chosen by their peers from the General Synod).

The Diocese of Canterbury is allowed four votes, as the Primate is a very much a working bishop with responsibility for 200 clergy and 300 churches. The three remaining members have great influence but no votes: The Secretary General of the Anglican Consultative Council, there to represent the rest of the Anglican Communion; the Prime Minister's Appointments Secretary; and the Archbishops' Appointments Secretary. The three take confidential soundings in church and state.

There was much discussion at the Lambeth Conference that the next leader should not come from England. In my survey "outside England" meant inside the UK. Most people demonstrated predictable insularity by suggesting that the "hidden agenda" at Canterbury would be beyond those who did not understand England. Others who tried to talk in world terms limited themselves to the White Commonwealth. On the whole, it seems to me an idea whose time has not yet come. A step outside England points no further than Scotland.

And as for Archbishop of London, four names are offered: The Bishops of Liverpool and Birmingham, plus two new names; the Bishop of Wakefield, David Hope; and the Bishop of Chester, Michael Baughen.

■ **Not pictured but also in contention are the following:**

■ **The Most Revd. Robert (Robin) Eames, 52, Archbishop of Armagh and Primate of All Ireland. Widely tipped by the media after a piece of newspaper speculation in 1988. A nice man in a tough job, friendly with No. 10 and an effective chairman of an international committee dealing with women bishops. He speaks with conviction but says little. No serious money will be on him.**

■ **The Rt. Revd. Richard Harries, 53, Bishop of Oxford. The hungriest of the pack, who writes newspaper articles and broadcasts about things which displease Margaret Thatcher. Good looking, telegenic. Dubbed "Tricky Dicky" by students when he was Dean of Kings College, London. A hard worker and prodigious reader (he keeps an elaborate index of useable quotes), he is a cool man, considered tactless by some.**

■ **The Rt. Revd. John Waine, 59, Bishop of Chelmsford. He has gained the respect of his fellow bishops as a shrewd chairman of sub-committees. Surprisingly he has just voted against women priests, thus earning himself the sudden admiration of Anglo catholics. Waine would not set the Thames on fire. He has been a bishop for 14 years, acquired a posh accent and was recently appointed Clerk of the Royal Closet – a long service and good conduct job.**

■ **The Rt. Revd. Michael Adie, 60, Bishop of Guildford. Chairman of the important C of E Board of Education (the Church still has 5000 schools in England), Adie commands respect in the General Synod, where trust is in short supply and charity even rarer. Quiet but shrewd, he has no time for church politicking. His analytical turn of mind and personal courage would be assets in Lambeth Palace.**

■ **The Rt. Revd. Colin James, 63, Bishop of Winchester and No. 5 in the hierarchy. Has probably never offended anyone, except women who want to be ordained. A one-time BBC religious producer, he has a smooth tongue and an eirenic manner. Oldest of the candidates, he could become the compromise choice in the event of a stalemate.**

A saint for all seasons

***Gerald Cadogan** on why Santa Claus is popular all year*

SAINT NICHOLAS – his name corrupted by the New York Dutch before 1776 into Santa Claus – takes top billing for spectacular saintly performance. It was obvious he was a star as soon as he was born. There and then he stood up in the bath and gave a prayer of thanksgiving.

That seems to have been in the 4th century at Panthera in Lycia – south west Turkey – around the time Constantine was making Christianity the official religion. He was born late in the life of his rich and Christian parents and was a remarkably good baby. On Wednesdays and Fridays he abstained from his mother's milk and took only one feed. His parents died while he was still young and he became rich.

On a trip to the Holy Land he saved the sailors in a storm, and so became the patron saint of sailors. On the way back he landed at Myra in Lycia and decided to stay there. When Myra's bishop died the clergy were told that the first man in church should be their new bishop. Since Nicholas was always first he was an easy winner. He remained bishop of Myra until he died. What miracles he worked! There was a famine, but he fed the people. When the ships taking corn from Alexandria to Constantinople put in at Myra, he made each captain leave 100 hogsheads of corn behind. They were reluctant. But when they reached Constantinople and unloaded, nothing was missing.

Then there was a rebellion. Constantine sent tribunes with orders to execute the rebels. Nicholas told them to stay their hand and, when they returned to court, they were accused of treason. About to die, they called on Nicholas. He acted by sending Emperor Constantine a dream that told him to release the rebels. Constantine did so – also sending Nicholas an illuminated book of the Gospels.

After that everybody called on Nicholas for help. But what he did was often unexpected. There was the sad case of the impoverished noble who had to put his three daughters out to prostitution. Nicholas heard them weeping, and threw three bags of gold through the window. (Chimneys were not so developed in those days.) That saved their virtue – since he had furnished them with dowries – and he became the patron saint of virgins. He also became patron of pawnbrokers, as he had redeemed the girls from a fate worse than death. The three golden balls of a pawnshop (and Lombardy) represent the three bags.

He is also patron saint of children, saving some from a grisly end. There was a man in Lycia who killed poor children and pickled them with pork. When Nicholas was offered a sample he made the sign of the cross over the pickle tub. Three boys leapt up whole and sound.

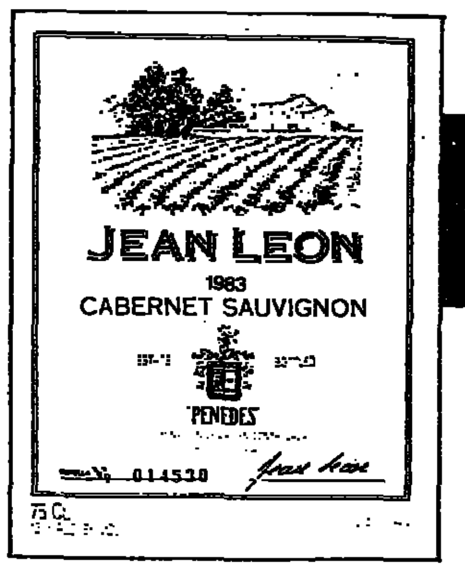
In 326 Nicholas died. How he became the patron saint of Russia, and of Aberdeen, is not clear. The story now leaps to the 11th century, when Western Christians were in a fever to acquire relics.

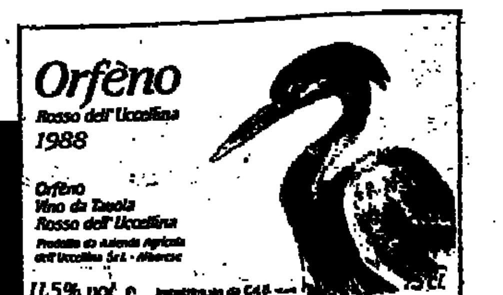
In 1071 Robert Guiscard, a Norman, captured Bari in southern Italy. Barese sailors then went to Myra and found the church in poor state. Only three monks were left there. They burst in to the church and opened Nicholas's tomb. Inside were his bones, swimming in myrrh and sweet smelling oil. They took them. On the way back there was a storm. But the bones said they were glad to be travelling on the ship, and all was well.

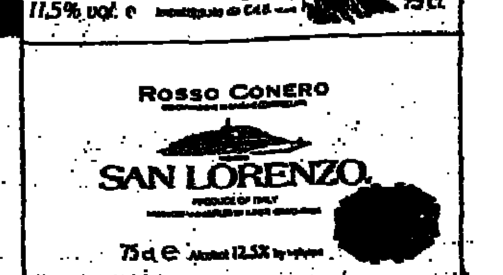
Bari laid on a triumphant reception – as I can imagine having watched the head of St Titus being returned from Venice to Crete 23 years ago. The holy bones were in a reliquary on a carriage pulled by oxen. Suddenly the oxen stopped, and nobody and nothing could move them. It was a sign for Guiscard to found the fortress-like church of San Nicola on that spot in 1087, which became at once one of the great centres of pilgrimage in Italy.

The Venetians were furious at losing so much tourist trade, but the holy bones were a coup for the Normans, who were not slow to trumpet their success. By 1089 (when he died) Lanfranc, then archbishop of Canterbury – a native Lombard – had founded England's first leper hospital near Canterbury which, naturally, he dedicated to Nicholas.

The cult of Nicholas took off like a rocket. Nicholas also became the patron of clerks and scholars, and of persons about to be mugged, whom he often rescued. Today at Demre (Myra) you see his church. The Russians restored it in 1863 but it is in poor state again. Still, Nicholas flourishes. All over town are signs with Baba Noel (Father Christmas). Stay perhaps in the Pansyun (pension) Noel and visit the extraordinary bronze statue of Baba. Nicholas still works miracles. In a country that cannot decide between Islam and secularism, this saint of the Christians brings tourism. And that is worth bags of gold to the modern citizens of Myra.







Passing the Christmas taste test

***Jancis Robinson** looks at the options for those who still need to buy their wine supplies*

IF YOU STILL need to stock up on wine for Christmas, then presumably you want only such advice as will allow you to make a quick single raid on the nearest supermarket or retail chain. All of these wines – a white, a red and then (in most cases) a sweet white and/or aperitif – pass the Christmas test of being delicious but not *too* anything (acid, tannic, alcoholic, sweet . . .).

With supermarkets (especially Tesco), the larger the store the higher the chance of finding these more *outré* bottles, all of which have been chosen with label aesthetics as well as wine flavour in mind. In this guide, ***** means real quality down to *, a simple wine at a decent price.

SAINSBURY

Il Marzocco 1987, Avignonesi £8.45 *****. A rich Italian riposte to white burgundy that has needed the past few months to shed its youthful oakiness. A glorious Chardonnay to drink this Christmas that roars just like the lion on the label. Don't overchill it; traditionalists will take it for a great Meursault.

San Lorenzo rosso Conero 1985, Umani Ronchi £4.25 ***. A perfect please-all light red with some bite and lots of ripe fruit but no uncomfortable tannin (an unhappy guest at the Christmas table, in my experience).

Oberemmeler Agritiusberg (Riesling) Spaetlese 1983, von Kesselstatt £4.95 ****. Lovely mature Riesling flavours with soaringly refreshing light stucture and great steeliness plus a little honey to keep everyone sweet. Great for Christmas morning or as an early evening palate-sharpener.

TESCO

Good champagne range.

Chateau Conte Jurancon Sec 1987 £2.69 ***. Those Manseng grapes (see Oddbins) sure know a thing or two about injecting flavour, except that this time it's a dry wine but with bags of character and refreshing cleanliness. Only the biggest stores stock it.

Orfeno Rosso dell'Uccellina 1988 £3.99 ***. An organic Italian red from the Maremma that is light, charmingly fruity and easy to appreciate in a bitter cherry sort of way. *Not for keeping.* Serve cooler than most reds.

La Magdeleine Cepage Terret 1988 £2.49 ***. Exceptionally well-made house dry white with perfume and substance. This is a humble southern French *vin de pays* made from an obscure and under-estimated (by me) Chateauneuf grape. It suggests Alsace and at least another £1 on the price.

MARKS & SPENCER

Chablis Premier Cru Beauroy 1986, La Chablisienne £9.99 ****. M & S has cultivated good contacts and, therefore, good cuvées from this large, quality-conscious Chablis co-operative. This example is meltingly pure and has a clean tartness that should revive the most jaded palate. Its Chablis Fourchaume 1986 is the same price and tastes slightly broader, thanks to a stint in oak. They make a fine contrast of the two prevailing philosophies in Chablis.

Brunello di Montalcino Riserva 1980, Val di Suga £9.99 ****. Fine substantial red that is ready to drink (hooray!). Very fruity, with slight bitterness to keep it in shape and a resonantly long flavour.

Beaujolais Blanc 1987, Cave Coop de Chaintre £3.99 ***. Top-quality house white with all the fatness and tropical aromas of a good St Veran or excellent Macon Blanc. Big enough to drink with food; not so lean that it would make an uncharitable white to serve through a drinks party.

MORRISONS

Chateau de Tracy Pouilly Blanc Fume 1988 £7.39 ****. Puts most Sancerres to shame.

Bourgogne Pinot Noir 1985, Faiveley £5.79 ***. An excellent producer and vintage (although grander appellations are in surly middle age at the moment). Drink up this simpler wine meanwhile.

WAITROSE

Il Marzocco 1987 £8.45 *****. (see Sainsbury).

Puligny-Montrachet Premier Cru Clos de la Mouchere 1987, Boillot £16.50 *****. A no-compromise savoury, meaty white burgundy from a serious producer in which there is no fault except that it seems a little muted next to the Italian pretender at half the price.

Vonay-Chevrets Premier Cru 1986, Boillot £12 *****. What a charming wine! Young essence of fruity red burgundy with some vegetable, some violet notes and a delicate structure. The antithesis of "old-fashioned burgundy" and all the better for it. A treat for any turkey.

Moulin-Touchais Anjou 1979 £5.95 ****. Gloriously youthful, lightly honeyed white from the magical middle Loire. This wine will keep for decades but, for the moment, should delight even the staunchest I-don't-like-sweet-winer. Ludicrously cheap for a 10-year-old. Another anytime wine.

ODDBINS

Freinsheimer Goldberg Riesling Kabinett Trocken 1987, Lingenfelder £4.69 ***. Classically refreshing dry white with all the fruity acidity that Germany can provide from a rare cosmopolite among producers.

Bourgogne Pinot Noir 1986, St Jean £4.99 ***. Very pretty, true Pinot Noir flavours of the light red burgundy archetype that is so suitable for drinking with birds and their sweetish accoutrements. This delicately fruity wine actually comes from the respected Domaine parent of Pommard who don't see themselves as purveyors of wines under £5.

Jurancon Moelleux 1988, Domaine Bellegarde £4.99 ****. The gorgeous sweet whites of deepest south-west France with their clean perfume, gum-like texture and appetising acid level provide the Christmas answer to the sweet wine problem. Light years from sticky but with real interest. This wine will keep for next year, too, and could be drunk happily before and after meals.

(Another wine in the same style with even fresher, simpler flavours is the Plaimont Co-operative's Pacherenc du Vic-Bilh 1987 ****, which Buckinghams (now Nicolas) stores around London sell for £4.35.)

MAJESTIC

Caliterra Sauvignon Blanc 1989, Errazuriz Panquehue £3.59 ***. Startlingly fresh and zippy Chilean aromatic dry white – but with a bit of California weight to save it from vapidity thanks to a wine-maker drafted in from the Napa Valley.

Caliterra Cabernet Sauvignon 1986, Errazuriz Panquehue £3.99 ***. Another functional rather than beautiful label, but the wine is definitely above the Chilean norm of interest and structure and managed to persuade this palate of some heady new oak flavours.

Campbell's Rutherglen Liqueur Muscat £8.99 ****. Extraordinary dark, rich grape essence. Serve by the thimbleful and the bottle will still be emptied sooner than you'd credit.

BOTTOMS UP

Inglenook Chardonnay 1986 £5.99 ***. Rich in California sunshine but still appetisingly well balanced. A white wine for red wine drinkers.

Jean Leon Cabernet Sauvignon 1983 £6.99 ****. One of northern Spain's more familiar tastes. A good price for such a seriously made, concentrated red.

VICTORIA WINE

Cafayate Torrontes 1988, Etchart £3.29 **. Pretty, grapily-scented white from, of all places, Argentina.

Castel Chatalet Cabernet 1986 £3.99 **. A light red and equally interesting result of the same foray in South America, this time an oddly-pale, low-tannin, high-acid Brazilian Cabernet. Don't begrudge 30p of the slightly steep price as it goes direct to the Rain Forest Foundation.

BACK OF BEYOND

And a final piece of advice for those spending Christmas in a remote cottage far from the reach of our energetic corporate wine buyers. With the 1988 vintage, Mouton Cadet Blanc has improved out of all recognition. The red has always been a trustworthy (if robustly-priced and heavily-blended) claret. The white used to be fussed over and sulphurous. Now, it reflects proudly the dramatic improvements in white wine-making current in Bordeaux.

It has a broad, freshly-fruity, Semillon-dominated aroma and an attractive weight *of fruit that finishes appetisingly dry on* the palate. Chains such as Oddbins, Sainsbury and Tesco sell it at just under £4, which means that a village grocer probably has to ask a fiver for it.

A TREAT FOR foodies. In *Matters of Taste – Elizabeth David* (C4, Boxing Night, 8-9 pm), Britain's most influential food writer (pictured) breaks a life-long silence (under pressure from *Financial Times* contributors Nicholas Lander and Jancis Robinson, the programme's producers). The UK's first generation of middle-class cooks was impelled into the kitchen by such volumes as *A Book of Mediterranean Food* and (her favourite) *Italian Food*, written late in the 1940s and early 1950s when the nation remained in the grip of food rationing.

Such is their literary worth and technical rigour that they continue to sell healthily even though the public generally knows little about the author. David continues to write – her last and perhaps most revealing book, *An Omelette and a Glass of Wine*, was published in 1984 – but has never before given a formal interview.

This is partly because she dislikes personal publicity but also because she believes she expresses herself best in print and has nothing to add to a subject once she has written about it.

The programme contains rare insights into her youth, her travels, and the literary world of the 1950s and 1960s.

Elizabeth David fans, of whom many – including Jane Grigson, Sir Terence Conran, Marguerite Patten, Hilary Spurling, Simon Hopkinson and Geoffrey Wheatcroft – pay tribute on the programme, doubtless will hang on her every word.

Elizabeth David pictured in 1944 by "Hassia"

Seafood Sicilian style

***George Dorgan** remembers Christmas Eves past*

CHRISTMAS EVE dinner for me is like madeleines for Marcel Proust. The associations are so strong and reach so far that it is more than just a meal. The dinner I'm thinking of is the traditional Sicilian Christmas Eve, a seafood extravaganza devised in response to the old Roman Catholic calendar when Christmas Eve was a day of abstinence (no meat). With typically Mediterranean logic it was reasoned that a meat-less meal does not preclude a feast capable of drawing family and friends from near and far.

A Sicilian Christmas Eve dinner requires a lusty appetite – squid, octopus, conch, claffs, lobster and baccala (salted cod) are not for timid palates – as well as staying power at the table. Dinner usually begins at a Continental hour somewhere between 8 and 9 pm with a seafood pasta, and will finish with coffee and dessert just before midnight in time to open presents.

I was not born to this tradition but came to it when my mother re-married. Nostalgia aside, my Sicilian grandmother was an excellent cook who learnt her way around a kitchen from her father-in-law, a restaurateur from Palermo. She turned out wonderful meals throughout the year, but Christmas Eve was her special pride and experiencing it first as an adolescent left an indelible impression. It is no exaggeration to say that my grandmother's Christmas Eve awoke in me a life-long appreciation of the pleasures of eating well.

We were never a family of antipasto eaters, so our Christmas Eve would begin with pasta. It might be a marinara sauce with either lobster claws and carcas, or with squid, which makes a very sweet tomato sauce. If the rest of the meal was to be very rich, it would be linguine with white clam sauce. We usually had clam sauce made with a generous hand for the garlic, hot pepper and parsley. The preferred variety in Italy is the *vongole verace*, but any type of baby clam will do.

After the pasta course, the table would begin to groan under the weight of seafood dishes: lobster tails grilled with a bit of olive oil and garlic (for the non-seafood eaters); baked clams, the meat separated from the shells, filled with bread-crumb, parsley and garlic and drizzled with olive oil; jumbo butterflied prawns, which my grandmother did with a variation of the stuffing for clams; and baccala, soaked for two days in many changes of water (with a final soaking in milk), dredged in flour and fried, then baked slowly with a sauce of tomato, onion, garlic and black olives.

The baccala also appeared as a white stew with potatoes, onions, carrots and white wine. And always there was a huge bowl of seafood salad: squid, octopus, conch and celery dressed with generous amounts of olive oil and lemon juice, with garlic, red and

black pepper spiking it up. This is a salad I would gladly eat at any time of the year, but a Christmas Eve without it would be a very poor way to begin the holiday.

ALICE MACALUSO's BUTTERFLY PRAWNS

Ingredients: Two dozen jumbo prawns (about 1¼ pounds); eight oz freshly grated, un-flavoured breadcrumbs; three cloves garlic, minced fine with salt; four oz grated Parmesan cheese; two tablespoons finely-chopped parsley, preferably, the flat Italian variety; juice of one lemon; three tablespoons olive oil; one 400-gramme tin peeled Italian plum tomatoes; three oz dry white vermouth or white wine; salt and freshly-ground pepper to taste.

Method: Peel, de-vein and butterfly the prawns, leaving the tail shell intact. Mix the breadcrumbs, cheese, parsley and garlic. Drain and chop the tomatoes coarsely and add to the breadcrumb mixture, along with two tablespoons of olive oil and salt and pepper as needed. Pre-heat the oven to 350°F. Use the remaining tablespoon of olive oil to coat a baking dish large enough to hold the prawns in one layer. Press as much crumb mixture as possible onto each prawn and place in the dish, sprinkling liberally with the dry vermouth. Bake 10-12 minutes, checking to make sure they don't dry out. Serves four.

FRUTTA DI MARE (a cold seafood salad)

Ingredients: One lb squid; one small octopus; four conch (scungilli); four stalks celery, sliced; juice of three lemons; three whole cloves garlic; six-eight oz olive oil; half bunch chopped parsley; pepper flakes to taste, preferably Italian dried red chilli.

Method: To clean the squid, remove the tentacles gently and the other bits that come along with them; save the tentacles. Reach inside the tube and remove the quill, the clear, plastic-like spine; peel away the skin and slice into rinds. Cut off the tentacles from the *octopus and slice.*

Try to buy conch that are shelled and cooked already; but if you have to buy the whole boil for about 30 minutes, prise them out of their shells, rinse and scrub throughly. Slice very thinly.

Cook the squid and octopus separately in boiling water for 10 minutes and let stand until the water is cool. Mix all the seafood into a bowl with the olive oil, lemon juice and chopped parsley and celery. Score the cloves of garlic with the point of a knife and add-in along with the red pepper flakes. Allow to stand three-four hours at room temperature, or 24 hours in the refrigerator.

Cookery

Flexible ways to vary those vegetables

***Philippa Davenport** provides some seasonal advice on surviving the Christmas siege*

NO SOONER has the wishbone been wished-on and the Christmas cake cut than the sales begin. Those who suffer from withdrawal symptoms after the hustle and bustle of Christmas shopping will get out there quickly, happy to re-join the jostling crowds. They will fight over, bargain for and buy just about anything. Except food.

From tonight until nearly the New Year, the aisles of many supermarkets and greengrocers will lie silent. The wholesale markets close for Christmas, of course, and according to Food from Britain, an organisation sponsored by the government and industry, "it will probably not be until December 28 or 29 that fresh stuff will be arriving. Furthermore, some of the produce on sale could well have been hanging around in the shops since pre-Christmas."

Given this warning, and a reluctance to go anywhere near any shop for quite some while, I am stocking up now with enough fresh vegetables to see me through the siege – i.e., until next Saturday.

This calls for some thought and planning. As the same Christmas bird and other cold meats are liable to make repeated appearances at table on several successive days, the vegetables chosen to partner them, and the ways in which they are cooked and presented, should be agreeably varied.

It is, though, pointless to fill the house with vegetables that are liable to curl up and die before you get round to eating them. So, it is crucial to select a fair quantity of stout-hearted vegetables and to plan menus so that you eat the most perishable things first and move gradually on to the sturdier items.

The life span of corn salad, for example (also called mache and lamb's lettuce), is so butterfly-ephemeral that it really must be eaten before the weekend is out. On the other hand, a close-carpeted box of mustard and cress, sold complete with its own little garden, will live well into next week if popped into an unsealed polythene bag and hoarded away in the salad compartment of the fridge. More flexible still are home-sprouted seeds and beans, production of which can be timed so that they reach their harvesting peak precisely when you want to eat them.

Relatively delicate vegetables such as water-cress, spinach, broccoli, aubergines, courgettes, mushrooms, mangetout, sea kale and Kenyan beans are best slotted into menus fairly early during the holiday, particularly spinach – even tough spinach beet, which wilts depressingly quickly. However, with later eating in mind, I find it prudent to stash a packet or two of frozen whole leaf spinach into the freezer – invaluable for whipping up with stock, cream, nutmeg and Parmesan into an almost instant and wonderfully warming soup.

Aubergines seem to keep longer and take up less storage space when cooked rather than fresh, so I shall make some aubergine caviare today. Similarly, cap and button mushrooms will benefit if made up into a salad now, given the *a la grecque* treatment or tossed in an oil and lemon dressing aromatised with toasted coriander and bay. Courgettes and leeks are also delicious and reasonably good keepers when prepared in these ways.

As the Christmas holiday stretches beyond Boxing Day, I shall rely on hardier vegetables. First, the tightly-packed leafy stems of blanched vegetables (e.g., leeks, Witloof chicory and celery). All three are lovely braised and the last two are valuable in salads. Both celery and finely-shredded leeks make excellent and admirably speedy stir-fries, while leeks make one of the best of all vegetable purées when simply boiled (processed with the cooking water that clings to them) with generous pats of butter and a good grating of nutmeg. Then, as the week progresses I shall turn to brassicas, roots, tubers and chestnuts, *keeping store cupboard pulses in* reserve.

Even within the brassica category there is a preferred order of eating, of course. Red and white cabbages – so solid that you need a karate chop to cut them open – will remain in fine, firm and crisp fettle long after January King, Savoy and Drumhead cabbages and brussels sprouts all look limp and jaded.

We will have devoured our green brassicas by Holy Innocents Day at latest. The brussels sprouts may have been fluffed up into a creamy purée, or chopped and mixed with mashed potato and a shake of toasted sesame seeds to make variations on bubble and squeak and potato cakes.

Green cabbage might have been cut into wedges, steamed and lavished with a rich sauce such as hollandaise, mornay or mild mustard cream. Alternatively, the cabbage could have been shredded and layered in a buttery dish with minced pork seasoned with ginger and garlic (or thyme and a pinch of sage for English tastes), moistened with stock, and cooked until meltingly tender. Also very comforting – providing someone helps with the shelling – is a dish of chestnuts and bacon wrapped in cabbage leaf parcels and braised.

Red cabbage is one of my favourite mid-winter vegetables. It makes a distinguished salad when shredded finely, combined with plenty of lychees or grapes, and dressed with soured cream thinned and scented with orange juice and juniper. Red cabbage can be steam-fried with apple quite rapidly, or left to cook in a low oven for two-three hours seasoned lightly with caraway, sugar and raspberrry vinegar. Stir in a nugget of butter for a glossy finish and serve with furred or feathered game, goose, poultry, gammon or pork.

Chinese leaves also keep remarkably well and are very useful for salads, particularly when teamed with mop-head frizzy endive, avocado pears and hazel-nuts. But roots and tubers such as celeriac, Jerusalem artichokes, parsnips, carrots, potatoes, kholrabi and beetroot (I mean raw beetroot, not pre-cooked and soused in vinegar), are the stars of the keep-fresh vegetable world. At first glance, they may seem worthy and dull, the mainstay "padding" of thrifty stews, but many respond well to richer treatments.

Parsnips, artichokes and celeriac are a revelation when basted with meat drippings and roasted, or whizzed to a purée with butter and spices. Celeriac is particularly good when cubed and sautéed lightly in butter along with chunks of dessert apple and halved walnuts – a most agreeable change from the ubiquitous sprouts with roast turkey, and memorable with pheasant. Artichokes make a marvellous gratin, cooked with stock and milk and finished with a little cheese, perhaps. They can also be fried like chips, as can parsnips.

Roots are a fine choice for salads, so quick to grate and so admirably crunchy. Grated artichokes – *mother-of-pearl white* and tossed in vinaigrette with plenty of parsley and a handful of prawns – look as good as they taste. Grated celeriac and apple are good simply garnished with peppery water-cress, or they can be folded into a mixture of mayonnaise, yoghurt, jellied stock and whisked egg white to make a lovely *mousse*.

Another popular salad in this house is crudites *a ma facon*, which consists simply of small, colourful piles of grated raw vegetables – carrot, artichoke or celeriac, beetroot, apple, and a pile of chopped fresh parsley and chives, with a bowl of tarator sauce, hummus or avocado purée for dipping.

Grated carrot salads do not have a glamorous image because of the obligatory peanut-and-raisin treatment that unimaginative vegetarian and wholefood snack bars insist on giving them; but dress them with finely-chopped green ginger, plus the juice and zest of an orange, and carrots take on fresh zing.

Also excellent is a salad of carrots sliced thinly or cut into matchsticks, cooked with a chopped onion that has been softened in good olive oil. Add a splash of sherry vinegar and enough water to come nearly to the top of the carrots, cover and simmer fast for a few minutes, then drive off the liquid. Season with toasted and crushed cumin seed plus a little salt, pepper and an extra spoonful of oil. The vegetables should be slightly crunchy and the taste both piquant and mellow. Served warm or cold, this goes particuarly well with poultry and gammon.

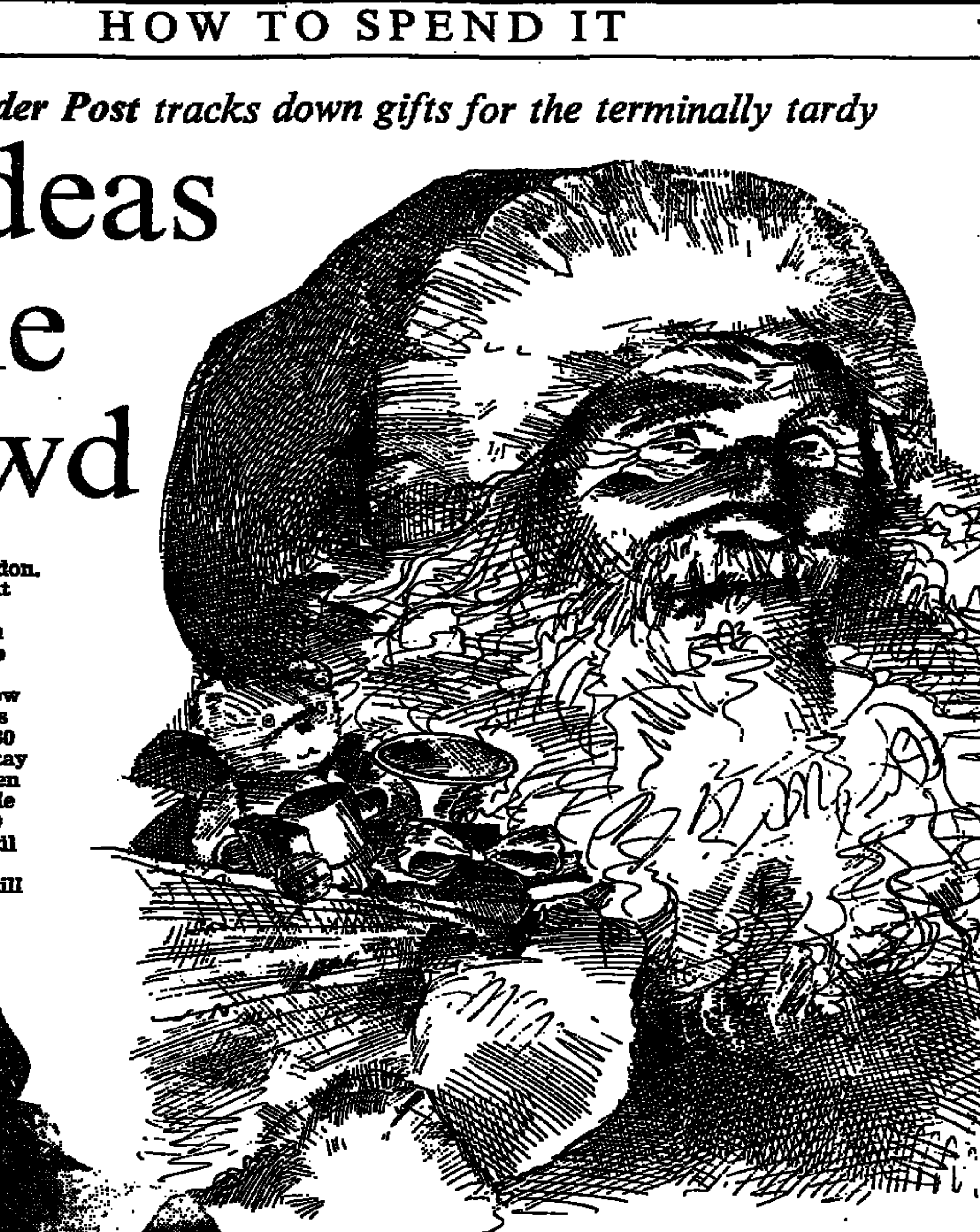
Are you STILL hunting for presents? Lucia van der Post tracks down gifts for the terminally tardy

Some choice ideas to soothe the madding crowd

THERE ARE still two days left before THE day and if your family is anything like mine some of them are still out there trawling through the crowds, battling with last-minute lists, that distinctive look of desperation settling in around the eyes. But there is no need to be too despairing, there is still plenty of choice and many of the nicest presents of all – books and perfumes, fine wines (see Jancis Robinson's suggestions on page XII) and food, records and games – can be found in stores all over the UK.

Everything featured on this page is available somewhere today. I've concentrated on suggestions from the chain stores and department stores which are within reach of most of us but, inevitably, some suggestions are just for those who find themselves in London.

There can hardly be a better present than a book. W.H. Smith branches everywhere are open today from 9 am to 5 pm, Waterstone's from 9.30 am to 7.30 pm (and, for real brinkmanship, many branches are also open tomorrow between 11 am and 4 pm). Most Marks & Spencer branches are open from 8.30 to 5.30 but the Brent Cross one will stay open until 8.30. Branches of Boots open at 9 am and stay open until 5 pm while Oddbins branches will be open until 9 pm on Saturday and from midday until 3 pm on Sunday. Here are just some suggestions for those with presents still to buy.



James Ferguson

NEXT jewellery shops – best value for money in the costume jewellery stakes. For under £10 you can get a pair of chunky ear-rings, a fashionable bracelet or a desirable necklace. If you're prepared to spend more you can buy a veritable treasure-chest – all of it bang up-to-the-minute.

■ For the men in your life – any of Marks & Spencer's pre-washed cotton shirts at £17.99. Nicest, in my opinion, are the absolutely plain white or the pale or dark denim but the great thing is they can always change it. For HER, there are wonderful pure silk slips plain or in delectable soft florals, starting at £39.99.

■ From Laura Ashley, a crisp white cotton tailored shirt for £39.95, has little pointed waistcoat front so it can be worn *outside* skirt or trousers. Also a black velvet evening pouch for £16.95 and some very well-placed jewellery - just what some (but NOT all) young girls love.

■ Antique lovers – Barbara Milo Ohrbach's *Antiques At Home* (£20, published by Doubleday). Beautifully photographed, this very personal book is filled with practical advice about how to set about collecting antiques and how to use them to good effect when you've got them. Great for those who love books that are a joy to look at and which can be dipped into.

■ Not so much a cookery book, more an evocation of the French countryside, of Monet's own house at Giverny and of foods and flavours from times gone by – *Monet's Cookery Notebooks* by Claire Joyes (who now lives at Giverny), £16.95 published by Ebury Press. Mouthwatering photographs and authentic recipes.

■ Janet Fitch, 2 Percy Street, London W1. A wonderful one-stop present shop. For the design literate there are lots of alternatives to matt-black chic in the shape of rosewood pens and cigarette-lighters, impeccable, slightly quirky, accessories of every sort from scarves and jewellery (look out in particular for avant-garde magnetic gilded brooches by the Italian Giorgio Vigna, starting at £60).

■ Whiteleys in Queensway, London, is a godsend for those who have left everything to the last minute. There under one roof is a host of stores, from big chains such as Marks & Spencer to more individualistic little shops like LeSet, all open from 10 am to 8 pm. At LeSet look out for high-quality gadgets to please the techno-crowd: for example the Porsche-designed TV, newly in from Germany, (£999) a computer controlled 60-CD disc "Juke-box" (£3,000) and the Bliss Berlinetta TV (£995, Jonathan Ross fans will recognise it as the one used as a monitor on his show). You could look out, too, for The Blouse House, a new niche chain selling – yes, you've guessed it – shirts and blouses. Well-priced and lots of choice.

■ Sock Shop branches have lots of marvellous stocking fillers as well as the stockings themselves. At £2.99 it's hard to think of better value than Sock Shop's own-brand super-sheer classic nylons with lycra – very clingy, they don't wrinkle, have a slight sheen and are just what fashionable legs want this Christmas. Best, in my view, is black or nearly black but there is also dark navy, hazelnut, brown or natural.

■ Perfume is, of course, available everywhere. It is simple to buy, simple to wrap and, if you get it right, very acceptable. For chaps you couldn't do better than anything from Czech & Speake. Look for No. 88, chic, understated, classic and beautifully packaged. The aromatic crackers at £12.50, each containing a 7 ml cologne spray, also make lovely presents – choose No. 88 for the men; rose for women. The Czech & Speake bathrobe in lush, thick cotton in the distinctive grey and black jacquard weave makes a very luxurious present – medium, large and extra large, it comes in a beautiful box and costs £128. Available at all Czech & Speake London stockists including 39 Jermyn Street, London W1 (open from 9 am to 6 pm today) and The Conran Shop. For out-of-town stockists ring Czech & Speake on 01 439-0216 to check.

■ Troika, 62 New Kings Road, London SW6. Open today from 9.30 to 7 pm. A marvellous eclectic collection of presents include such goodies as the Ergo flask in polished pewter, simple wooden candelabra, and the cult watch of the season – the Soviet-made quartz Perestroika. Made from steel tin it comes in its own little tin box and has a wearer's badge as well. £69.95.

■ Just decorating the tree today and finding that last year's decorations are looking a little, well, tired? The most subtly glittery and most expensive-looking decorations in town must be the silver, silver-gilt and glass and hand-enamelled glass ones from Garrard of 112 Regent Street, London W1A. Heirlooms to pass on *from generation to generation*, these are really quite exquisite – and at £100 a box for six so they should be. Garrards is open today from 9.30 to 5 pm.

■ These days you can buy vouchers for anything from a simple record to a fortnights' holiday or a complete course of flying lessons. Those still desperate might like to head for The Voucher Shop at the new shopping mall at Charing Cross Station. There you can buy vouchers from shops as wide-ranging as Marks & Spencer, Mothercare and The Conran Shop, as well as magazine subscriptions, theatre tickets, a day's pampering at The Sanctuary health club in Covent Garden, and the down-payment on a holiday from Thomas Cook. Open today from 9 am to 6 pm.

■ Really desperate Londoners might like to know that Graham & Green will be open on Sunday December 24 from 10 am to 4 pm. The three shops at 4 & 7 Elgin Crescent and 186 Kensington Park Road sell a beguiling mixture of all things pretty, from jewellery, watches and writing paper to tapestries, mirrors, toys and gilded cherubs. Also open from 10 am to 6 pm on Saturday.

■ *Theatre tickets with no* expiry date are a splendid present. Buy West End Theatre Gift Tokens in denominations of £1, £5 and £10 from any West End theatre or from the Leicester Square ticket booth. These can be exchanged for tickets in any show at a West End theatre.

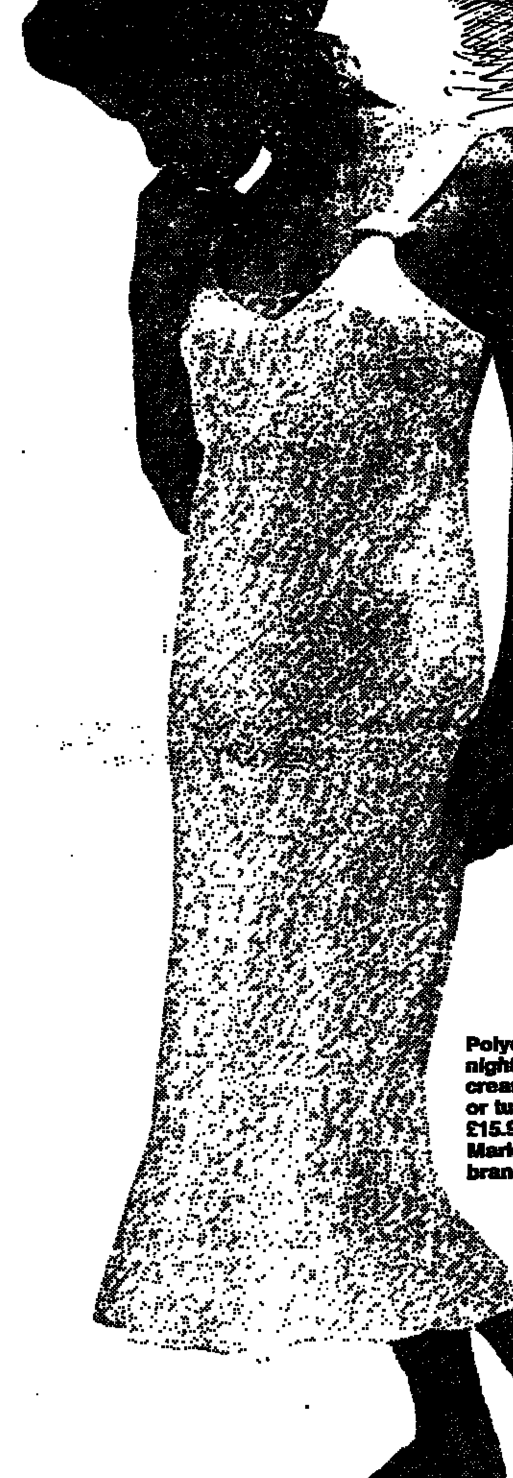
■ For skiers there is the Bleepa, essential for adventurous off-piste adventurers. It's a small, box-shaped contact device worn around the neck which enables rescuers to find you if you're caught in an avalanche. £29.95 from Snow + Rock branches.

■ All those who dearly love gadgets should head for their nearest branch of The Leading Edge. There are now seven (Windsor, Whiteleys in Queensway, Woking, Southampton, Milton Keynes, Oxford and the Heathrow Terminal 4 branch, which real last-minuters might like to know opens at 7 every morning and shuts at 9 pm every day of the year except Christmas Day itself).

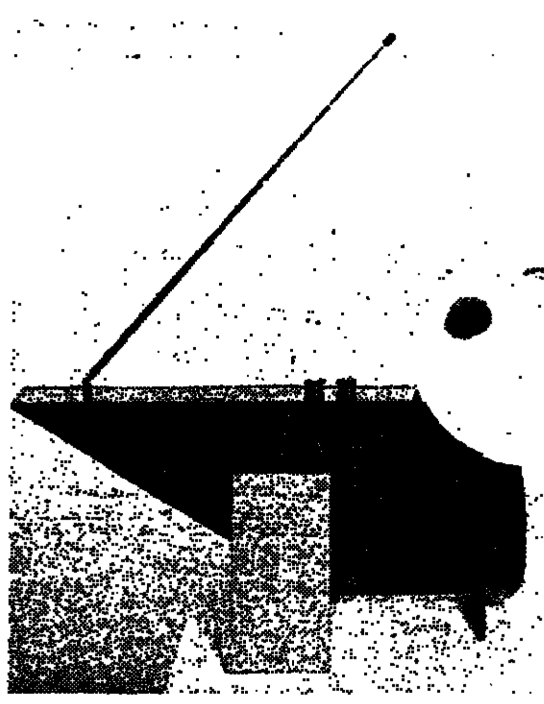
For fishermen there's the Fishing Mate, £14.95, which has a torch, hook disgorger, scissors, knife, pincer cutter and a retractable tape measure for measuring the one that got away. Then there is an ingenious flat (5mm thick) survival pack for travellers – The Appointment File, £19.95, holds comb, letter opener, knife, pen, tape measure, eraser, sewing kit, ruler and highlighters.

High-powered business people who need to dictate or *make notes on the move would* like Sanyo's Microcassette Recorder, £159.95. Just 4 ins by 2 ins by ¼ in it claims to be the world's smallest, lightest microcassette recorder. Or you can protect anything precious in fire-safe files and boxes from Sentry, in three sizes ranging from £34.95 to £249.95.

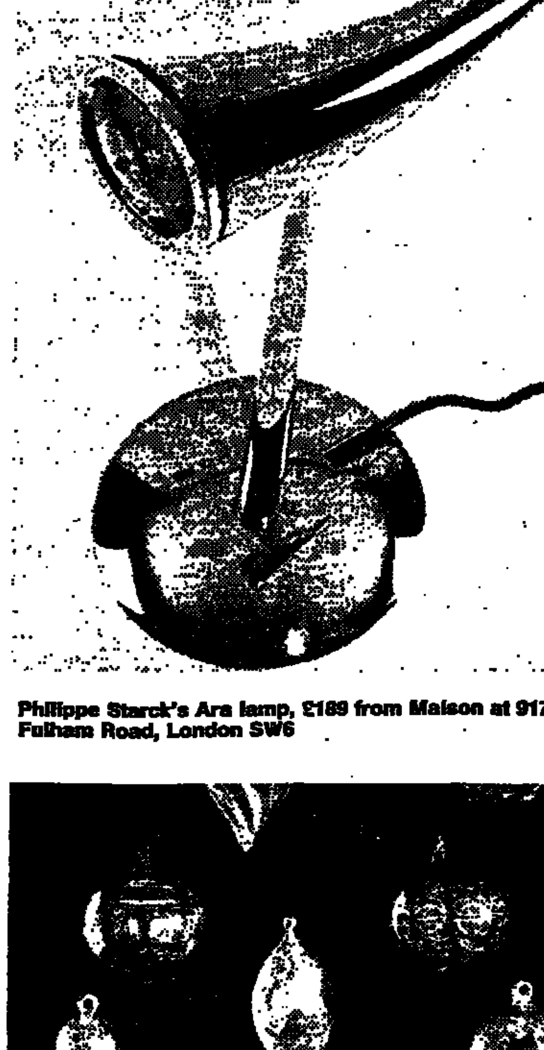
■ Is there a Yuppy in the house? Help him/her cut down on the paperwork with a Sharp IQ 7000 Personal Organiser (translations into Japanese an optional extra) for £169.99 from all branches of Dixons. If a personal computer is what he *really needs there's the* pocket-sized Atari Portfolio PC Compatible Computer which, says Dixons, "can make you richer, a better lover and a nicer person" – and all that for just £250.



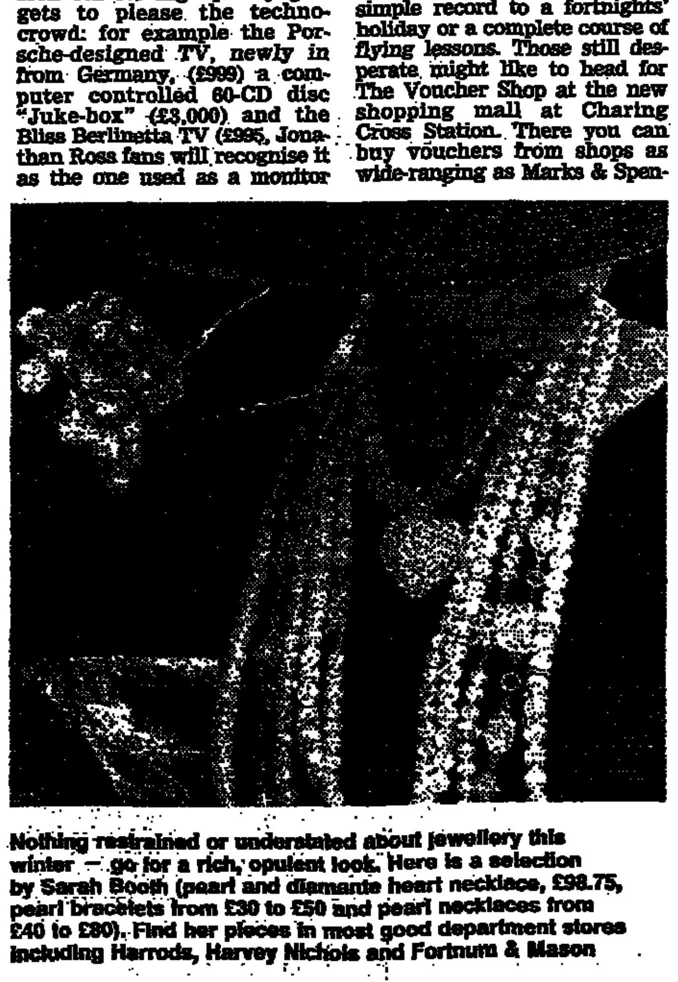
Polyester satin nightdress in cream, peach or turquoise, £15.99 from Marks & Spencer branches.



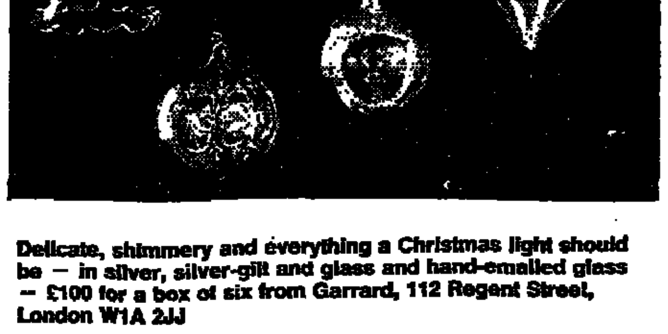
Red, blue and yellow "singing radio" by Greg Bloomfield. £450 from LeSet in Whiteley's, Queensway, London W2



Philippe Starck's Ara lamp, £189 from Maison at 917 - 919 Fulham Road, London SW6



Nothing restrained or understated about jewellery this winter – go for a rich, opulent look. Here is a selection by Sarah Booth (pearl and diamante heart necklace, £98.75, pearl bracelets from £30 to £50 and pearl necklaces from £40 to £80). Find her pieces in most good department stores including Harrods, Harvey Nichols and Fortnum & Mason



Delicate, shimmery and everything a Christmas light should be – in silver, silver-gilt and glass and hand-emalled glass – £100 for a box of six from Garrard, 112 Regent Street, London W1A 2JJ

I've started, so I'll finish

UPHOLDERS of moribund traditions write the rudest letters, but let us take the plunge.

Traditionalists believe it is inappropriate (they would say "vulgar") to precede the Christmas turkey or goose with anything at all beyond, perhaps, a drink. This is, I would suggest, a view held by people who feast only at Christmas and so know nothing of how to do it.

So Christmas dinner must begin like Bob Cratchit's, with sharp knife sinking into steaming bird. *Humbug to that.* Feasting is an art, or I have wasted my life. Actually, we have all enhanced and embellished the Cratchit Christmas, which after the pudding offered apples and oranges and roast chestnuts. We have added the chocolates and glace fruits, mince pies and Carlsbad plums, Turkish delight and sugared almonds.

The Christmas dinner, even of the traditionalist, has developed a monstrously long tail. But still we flutter about, wondering how to begin it. An austere and unappealing giblet soup is not the answer. Giblet soup can be very nice in clever hands but is not a feasting dish, even if you pour sherry into it like a madman. Drink it on Boxing Day or ladle it out to the carol singers.

One of the immortal (I hope) legacies of the great chefs of the Nouvelle Cuisine is the idea of the "amuse-gueules." I have a record of everything I have eaten in France; stored in dog-eared notebooks going back to the 1950s. But only in the late 1970s do "amuse-gueules" begin to appear. They come unbidden and free when you order your aperitif and seem to me to afford a great refinement of the idea of hors d'oeuvre, or what the Russians call zakuski.

This Russian habit seems to be relevant to Christmas or, at any rate, the sort of Christmas I have. In the bad old days Russian estates were vast, the long roads as rotten as the weather. Your guests might arrive, very cold and hungry, at any time; rather like my Christmas guests.

Now where we are different is that those old Russian guests didn't know if there was going to be any dinner at all. Traditional Russian zakuski rather concentrate on caviar and sour herring and stuff, all to be washed down with fire-lighting snorts of vodka. An emphasis on this kind of thing may have your guests falling face first into the gravy when it comes to turkey time. But "amuse-gueules" are something different. What they must not become is an opportunity to do a lot more work.

Your guests arrive and you miss all the embracing and Happy-Christmassing because you're lugging out the deep-fryer and looking for a forcing-bag. *None of that.*

There is a lot to be said, though, for making yourself one or two simple things that might normally be shop-bought. Elizabeth David has pointed out the magnificence of home-made salted almonds for example. Served still warm *from the oven they are* sensational food of which you can never have quite enough. But is there room in the oven?

Now that shops sell ready-made puff pastry it is extremely easy and rewarding to make your own warm cheese straws. Clement Freud has a neat corner-cutting way of knocking them together in *Freud on Food* – and very good they are, too. In essence it consists of making a sandwich using grated Cheddar cheese between two thin layers of rolled-out pastry and then cooking it in a medium oven for 15 mins. Cut into straws and dust with cayenne pepper.

Three-star French restaurants have staff standing by with nothing else to do but conjure up those exquisite little morsels of toy food which accompany your aperitif. Some of their tempting quality derives from the fact that each *person's ration comes up as an* assortment on a little plate. This is not only very difficult to achieve at home; it also becomes embarrassingly pretentious.

One of the kings of "amuse-gueules" is Michel Guerard at Eugenie-les-Bains, and I have been amatourishly taking leaves out of his book for years. The first time I went there, years ago, I was very

struck by the combination of a hot, crisp fragment of bread heaped with ice-cold, finely-chopped tomato, cucumber and tarragon. The effect depends on the contrast of temperatures, and if you throw them together half an hour in advance you have a rather badly-made tomato sandwich.

Now, about that first course. I *shall* be having a few oysters, plain and simple. Nothing surprising about them. I buy them by post and they keep surprisingly well. Last year I was still making angels on horseback at the new year with my Christmas oysters which I had kept outside the kitchen balcony.

Since I wrote my first paragraph disparaging non-first coursers as hidebound with tradition I have spoken to a friend who says she won't be having one because it's no good for the children. When I was young and foolish (and better off than I am today) I *had* some caviar at Christmas dinner. I remember my daughter (two at the time) shouting for more of "that black pate." I think we should have left it until she was a bit older.

I think I shall make a little "brandade de morue" this year. This French Mediterranean *paste of boiled salt cod,* olive oil and milk can be made well in advance of the other things and put aside. A dob of it on fragments of crusty bread toasted in the oven will just do the trick, I think.

I have blown the elements of surprise and spontaneity by *writing this column, but you* get my point? The problem will be to avoid eating too much of this stuff. It is a bit more filling than it seems on the face of it. But then oysters are exceedingly unfilling and we shan't have a lot of them. Have a nice Christmas.

Peter Lewis

BOOKS

A story of shock and drama, Jung and dance

***Rachel Billington** looks at an author's quest for the meaning of life*

THE WAY THINGS HAPPEN
by Ingaret Giffard
Chatto & Windus £16.95, 234 pages

A MANTIS CAROL
by Laurens van der Post
Chatto & Windus £12.95, 168 pages

THERE ARE two approaches to writing an autobiography. The most usual is the "exterior" method in which the steps of the ladder to worldly fame are recounted with a touch of early memories and a good larding of "famous names I have known."

Politicians, those most worldly of people, go to the furthest point in this direction. The other, more profound approach, takes its structure from the "inner" development of the author. Often it is described as a memoir, as if to apologise for the lack of newsworthy information.

Ingaret Giffard's memoir is strikingly "inner," fulfilling the theory that any book worth reading addresses itself to the knotty problem of the meaning of life. After the Second World War she became a disciple and friend of Jung. This coincided with her long-delayed union with Laurens van der Post, and they were married in 1949.

From that time onwards, having found form and meaning to her life, she devoted her time to others, as wife, friend, editor and/or analyst. The majority of the book, however, describes her growing up, her first marriage, and her cataclysmic meeting with Laurens van der Post.

Luckily, a questing nature does not mean a priggish or a dull one. On the contrary, Ingaret Giffard's story is filled with shock and drama. Her first and most important relationship was with her mother, whose mind was brutally assaulted (body, too) through the Victorian values of her family (she was one of 16 children), which led her as a girl of 17, completely ignorant in matters of sex, to be married to a man many years older.

The book is dedicated to her memory, and it was in trying to help her pacify her demons that her daughter first learned how to understand and be strong. Most unhappily, when Mrs Giffard was widowed, she became involved with her husband's brother-in-law, a country vicar and sexual tyrant who attempted to rape not only the young Ingaret but also her brother. At the moment of Uncle Bernard's assault, Ingaret was given strength by hearing a voice telling her: "This is man: it has nothing whatsoever to do with God."

When her mother married "Major John," her dancing partner in a Brighton hotel *thé-dansant*, the 17-year-old Ingaret found herself removed to India for four years of close proximity to the Raj. Dancing in the Ahmadnagar Club became her main source of joy and dancing continued to be important throughout her life. Dancing, she became engaged and disengaged and fell in and out of love, and took up (unknowingly) with a "cad" – though saved (as rather often in this book) from a fate worse than death by chance, which wasn't exactly chance.

Return to London produces rather more exterior life with enrolment at the RADA, a novel published and a play successfully produced in the West End. Obviously more important to her is the

Ingaret Giffard: cataclysmic meeting with Laurens van der Post

meeting with many friends, including her first husband, Jimmy Young, who was then working in the Sudan.

By the time war started, her loving concern had spread from her mother and her husband to Laurens van der Post. Her experience was dominated by his disappearance for three years – presumed dead for a year. Yet, just as her enduring memory from her Indian years remains of the utter loyalty and selflessness of the family's bearer, so the war gave her the lesson of the chimney-sweep who was a hero during the Blitz but drank himself to death in peace-time because nothing more was wanted of him.

With excellent good sense, the publishers have reissued a novella by Laurens van der Post along with his wife's memoir. Called *A Mantis Carol*, it is a kind of prayer to the Hottentot, who, with any luck, is represented in all of us by a feeling of loving goodness. Sir Laurens unravels the story of the Hottentot who ends his life in New York. Through the process of discovery, he lays out for us an explanation of human sorrow and joy which is very appropriate in this season of hopeful regeneration. It also acts as an illustration of everything Ingaret Giffard has tried to tell us. Like her the Hottentot dances his happiness.

Novelist handy with bottle and whore

***George Watson** reviews the life of a practical philanthropist and the author of Tom Jones*

HENRY FIELDING: A LIFE
by Martin C. and Ruthe R. Battestin
Routledge £29.50, 738 pages

THE STUDY of Fielding has suffered from an excess of piety and a dearth of facts. Now the Battestins, an American married partnership at the University of Virginia, have remedied both. They have trebled the number of his known letters, which still remain surprisingly few; discovered a portrait by Sir Joshua Reynolds – one of the 66 illustrations in this long, handsome life; and in a fiercely factual account of Fielding's 47 years, often based on manuscript sources, they tell his story methodically and sequentially in short numbered chapters from his birth and ancestry to his death in Portugal in 1754, leaving no stone unturned and noting everything that wriggles out from under. They admire, but without piety. The book is bulky to hold but light to read, like a filing cabinet come to life, and it shows that American academics uncorrupted by critical theory can do a job worth doing.

Fielding was a paradox. As the new life reveals, he secretly contributed to *The Craftsman* in the 1730s as an anti-Walpole satirist, but was not above trying to curry favour with the Prime Minister. A man of practical philanthropy, he was always useful with a whore and a bottle. Continence, in either sense of the word, was never his strong point. Like his hero Tom Jones, the young Henry was thought by some to be born to be hanged, and there is evidence for sexual experimentation in childhood with his sisters, an unsuccessful attempt at violent seduction as a young man, and a profligacy that left his widow, when he died in Lisbon, in serious straits.

Some of the literary evidence is surprising too. It is now forgotten that he was the most prolific and successful dramatist of his age before the Licensing Act of 1737 drove him into fiction at the age of 30; and his early talent for travesty soon diverted into an anti-Richardson novel called *Shamela*.

As with Dickens and Henry James, his plays are nowadays unperformed while his novels succeed on screen and stage. The Battestins call him the first master in English of self-reflexive fiction – like Nabokov's, where the novelist disclaims history and proclaims his fictions to be just that. He was the first to boast a control of plot in prose fiction, and his critical notion of the novel as a comic epic in prose, usually thought of as a neo-classical excuse, deserves more critical respect than it has usually had.

The real strength of the new life, however, is severely historical. The Battestins have locked Fielding tightly into the fine details of the historical world he inhabited as an opposition Whig and after. He was a Church of England man, roundly anti-Jacobite and anti-*Methodist*, and a hard-working magistrate with a turn for judicial philanthropy.

Nobody ever doubted that he knew what he was talking about when he wrote of prisons, debts and vagrancy, but it is now possible to see how well he knew. The writing of *Tom Jones* was interrupted by the Jacobite revolt of '45, which it builds into its plot. *Amelia*, his last novel and the one that he, but not the world, loved best, recollects the joys and sorrows of his first marriage. Fielding was no angel, in word or deed, and he knew it.

Fielding was an oppositionist, down to Walpole's resignation in 1742, who was not above jockeying for advantage, and a rake who respected marriage even if his second wife, a servant girl in his household, was six months pregnant when he led her to a London altar. Mankind cannot know sin without living it, or creditably shun it without knowing it – the point is familiar to any careful reader of *Paradise Lost* – and wild oats, Fielding argues, have their morally educative point.

Tom Jones is not Adam, since he was born illegitimate and in sin. He is a credible, generous being whose lapses are venal and commonly at the invitation of others; and he lives to win a spotless bride and inherit a landed estate. That sounds like paradise lost and regained.

Tom triumphs because his heart is sound. Reason, Fielding rightly held, is indispensable to the moral life; but it is notable that stupid people can be virtuous and the highly intelligent wicked, and many of the dilemmas of life are in any case too urgent to give reason much chance to function.

Without good instincts, then, we are nowhere. The Battestins fittingly end with a quotation from Tom Jones which they call Fielding's truest epitaph, and it urges mankind to take things and persons as they are, in liberality and benevolence: "The finest composition of human nature, as well as the finest china, may have a flaw in it." That is the voice of reform, not of Utopia; of hope, not of pride.

Fielding lies today under a pompous tomb in the Protestant cemetery in Lisbon near Admiral Horthy, the Regent of Hungary who, having opposed Hitler towards the end of the war, fled there to die: an odd pair of worthies to inhabit the same graveyard and rest in peace.

Fiction

Women's barren lot

WOMEN OF SAND & MYRRH
by Hanan Al-Shaykh
translated by Catherine Cobham
Quartet Books £14.95, 280 pages

"LIKE EVERY woman coming here I felt that this was time lost out of my life." Hanan al-Shaykh, a Lebanese writer now living in London, has written a moving novel about four women coping with the insular, oppressive society of an unnamed desert state.

Suha, a Lebanese university graduate accustomed to working and moving freely in a cosmopolitan culture, discovers that even in the safe haven of a women's institute she faces the threat of violence from men who would see her locked away at home. She turns to other women, but finds in their narrow obsessive existence a mirror image of her own dissatisfaction.

Nur, who becomes her lover for a time, is the spoiled child of a rich Arab family. Her indolence and promiscuity conceal her frustration, for even she is not free to come and go; her husband controls her passport.

Tamr, who has been divorced twice by men alarmed at her rebelliousness, lives as a virtual prisoner in her brother's house. Spurred on by her friendship with Suha, she goes on hunger strike to win the right to educate herself and eventually starts up a dressmaking business. Tamr's story is the most heartening, but even she must be on her guard, for a woman in work is always suspect.

Perhaps the saddest figure is Suzanne, the American woman whose husband was drawn to the country by a lucrative job. In the desert men give her the attention that she, a fat, bleached blonde middle-aged housewife, could never dream of in the US, where she spent her time watching soap operas and drinking cola.

However, she soon realises that she is exploited as an available white woman and that her lovers use her to indulge their own fantasies, to escape from their own sad lives.

Hana al-Shaykh: oppressive society in the desert

Though these women are friends and often become catalysts for changes in each other's lives, each speaks as if alone on a stage, for it is feelings of isolation as much as entrapment in a barren land which permeate this novel. The sensual society of women remains more suffocating than sustaining, more a response to oppression than an alternative culture.

Hanan al-Shaykh writes in a cool detached style which makes the plight of her women especially frightening. She captures the voices of Suha and Tamr but is less successful with Suzanne, who is not wholly credible as an American woman from Texas.

Perhaps the most memorable parts of the book are the descriptions of the desert and the society which has grown from it: a town walled against the oblivion of sand, the women at concert performing wild erotic dances with each other, while outside the hall their husbands and brothers wait to escort them home through a dust storm.

Western feminists have often been accused of patronising their Arab sisters with their pity for "the veiled women," but with more and more Arab women writers being published in English, the perspective is beginning to change. This novel moved me not to pity but anger, not to complacency but fear; my own freedoms, my right to sit alone in a cafe, choose a career, to write this review, seemed suddenly very tenuous.

Wendy Brandmark

War of two worlds

THE LONGEST WAR
by Dilip Hiro
Grafton Books £17.95, 312 pages

THE GULF WAR
by John Bulloch and Harvey Morris
Methuen £14.95, 310 pages

THE IRAN-IRAQ WAR
edited by Efraim Karsh
Macmillan £37.50 (paperback £15 .99), 304 pages

THE Iran-Iraq war encompassed a series of threats: it threatened to upset the balance of power in the region, to cut off the industrialised world's oil supplies, to unleash fundamentalist Islam throughout the Middle East and even, at one stage, to engulf the whole world in nuclear war.

All in all, the Iran-Iraq war makes a good story. It is one enthusiastically told by both Dilip Hiro and the journalists John Bulloch and Harvey Morris. Both cover much the same ground, charting the impetus behind Iraq's initial invasion, the transformation of President Saddam Hussein's war from a blitzkrieg to, in his own words, "a stationary offensive," the years of futile battle following Iran's successful repulsion of the Iraqi invasion and the decision to invade Iraq in its turn – "one of the classic blunders which change the course of events for mankind," according to Bulloch and Morris.

No-one emerges from the tale with much credit. Bulloch and Morris are mercilessly even-handed in their depiction of the brutality of the belligerents (such as Iran and Iraq's use of religion to justify their "shabby shifts" in policy) and the cynicism and hypocrisy of the bystanders, including the Western powers. On American acknowledgement of Iraq's use of chemical weapons long after evidence of it had come to light, the authors write: "The decision was taken that America had swung too far towards Iraq, and a pretext needed to be found to redress the balance . . . The criticism of the use of chemical weapons was no more than that, a tilt back towards the centre after America's huge swing towards support of Iraq."

Their narrative is interspersed with quotations from interviews and eye-witness accounts obtained as reporters but their fascination with the Middle East sometimes means that they cannot resist the temptation to go off on a tangent into the convoluted politics of the area. Some of the analysis is highly speculative and the book would certainly benefit from documentation and a tighter narrative structure.

Dilip Hiro is also at pains to highlight Machiavellian behaviour all round, but shows more more sympathy to Iran's plight than Bulloch and Morris, though they too, point out the enormous advantages Iraq was given in its conduct of the war. These included monthly grants of £1 billion from Saudi Arabia, Soviet arms, US military intelligence and, finally Hiro implies, direct assistance, compared with Iran's almost total lack of outside support.

Hiro highlights the folly of the Iranian push into Iraq in 1982 through parallels with the earlier Iraqi invasion. Despite its rigour, Hiro's text does contain some quick conclusions and apparent contradictions; for example, on one page he asserts that the US, unlike Moscow, wanted the war to continue, but on another says both superpowers wanted the war to end.

The compilation of edited material by Efraim Karsh is a welcome addition to the literature on the Gulf War. Many of the pieces are written by leading specialists; attention is given to countries and issues that can only be given a passing mention in the other works. For example, Henri J. Barkey in an article on Turkey ("the silent victor"), describes the trade benefits of being a neighbour to both belligerents. By 1983, Turkish exports to Iran had risen 25-fold compared with five years earlier and thus, Barkey, argues, the war helped Turkey to restore its "crisis-ridden" economy.

There are chapters on Israel, Islamic fundamentalism, regional and superpower politics and the effect of the war on the domestic politics of both countries as well as a number of chapters on the strategic issues.

Scheherazade Daneshkhu

East End likely lads

DOING THE BUSINESS: Entreprenuership, the Working Class, and Detectives in the East End of London
by Dick Hobbs
Oxford £25.00 (£4.95) 255 pages

THE EAST END
by Alan Palmer
John Murray £14.95, 197 pages

I FORECAST a healthy growth rate in the coming years for books about the East End of London, driven by the demolition of the old environment by property developers, an influx of curious yuppies and the exodus of the original inhabitants to leafy suburbs or dreaming spires, from where they look back with nostalgia at their birthplace. Dick Hobbs, now an Oxford don but previously both dustman and road sweeper, is a typical example.

His book, which has the extended title "Entrepreneurship, the Working Class, and Detectives in the East End of London," dovetails with the popular television series in which Derek ("Del Boy") Trotter gets into all manner of scrapes with the authorities in his pursuit of a dishonest living.

Few can avoid laughing at these yarns, but for Dick Hobbs they are a passion. What started life as a PhD thesis has been expanded to cover the colourful life of East London and the continuous war between the Old Bill and the likely lads on the make.

The Hobbs thesis is that in a deviant area, "Thieving and the buying of stolen goods became integral to East End culture, everybody was 'at it' and as a consequence 'everything was vendible, and everyone was on the look-out for something to vend.'"

So far so good. However, some among those entrusted with upholding the law – the Metropolitan Police and particularly the CID – could only tackle crime by entering its universe and thus becoming about as bent as the underworld in which they operated.

After looking at the notorious Richardson brothers and their successors, the Kray twins, Hobbs analyses the various categories of East End "entrepreneurship" – euphemisms abound – including the *story of the warehouse robbery* in which 25 tea-chests labelled "whisky" were lifted by a gang which only after completing the risky operation discovered that they contained Bibles in Polish.

Uncomprehended languages remind me to mention that, besides being more a thesis than a book, Hobbs has adopted the heavy learned, contorted and indigestible style of a sociologist. The language would, I suspect, go clean over Del Boy's head.

By contrast, Alan Palmer, also residing in Oxfordshire, tells the story of the East End in plain words devoid of "supportive interchange" or "cultural collateral."

Every one of the few illustrations makes a point. For example, "The Great Synagogue, *once a Huguenot chapel and* now a Mosque." Or the Dominion Monarch seen dwarfing a West Ham street. In other pictures, Dorniers are pounding the East End, and scuffles are captured as police clear a path through Cable Street in 1936 for the British fascist leader, Oswald Mosley.

Personal recollection makes Palmer's book, with its second title Four Centuries of London Life, refreshingly vivid. ". . . the smell compounded of breweries, railway smoke, sweet factories and soap works: the sound of trams and ships' sirens; the sight of brightly coloured funnels and mastheads, a towering backcloth behind cobbled streets of terraced houses.

The authenticity of Palmer's narrative distinguishes it as a splendid piece of history, establishes it as a monument to a vanished quarter of London and makes it eminently readable. The East End is dead: long live the East End legend!

William D. Sholto

Aristocratic shake-out

ENGLISH LANDED SOCIETY IN THE 20TH CENTURY
by Madeleine Beard
Routledge £17.95, 210 pages

IN THE US this book is sold as Acres and Heirlooms: The Survival of Britain's Historical Estates, a title which serves far better to introduce the scope and intention of Madeleine Beard's book. *Its strengths* lie in summarising and assessing the effect of the changes in fiscal and agriculture policy on the aristocracy – other landowners hardly get a look in – and its weakness is an unsettling canter through the inter-relationships and properties of the English nobility ("To the south of Northamptonshire in Buckinghams, the first Marquess of Lincolnshire owned an estate, as well as land in Lincolnshire." Really?) and a dizzying, somewhat clichéd summary of social routine.

The author depends heavily on pithy quotations to convey the sense of period and inevitably there are some delicious nuggets of nonsense. Often the aristocracy seems to have had even less contact with the real world than one might imagine. We find the Edwardian Marquess of Bath insisting not merely that his bootlaces be ironed, his morning papers be toasted and ironed but that his *loose change be washed daily*. I am surprised he handled the stuff at all.

Even the devastation wrought upon the officer-class, and to an even greater extent to the scions of great families, did not rule out idiocies such as a comment in *Country Life* of 1915 that soldiers on leave and relaxing with a spot of shooting found their marksmanship for game had suffered grievously from the war – the problem was "a little natural jumpiness."

Yet this time reality was unavoidable. The owners of great estates saw their houses become hospitals and their parks camps. At Belton House, Lincolnshire, 20,000 troops were stationed in the grounds. But, as Madeleine Beard makes clear, it was government policy towards agriculture and land that determined the post-war future for landowners. With the Corn Production Act of 1917 a shortlived revolution took place which was to benefit the tenant farmer and ensure that the desultory landowner had a hard time.

After the war an enormous shake–out took place, with many tenants buying their farms. By 1927 a quarter of the rural acreage of England and Wales had changed hands since the end of the war. But the old landowners were still there, merely switching assets to a more diversified holding, stocks and bonds taking the place of lifestock and acres. Agricultural prosperity since the Second World War has buoyed up many estates – could belt-tightening by the European Community finally bring them down? The author *is concerned by established* landed society and not much with those who entered the ranks more lately.

The Sassoons, Cowdrays and Vesteys (motto: three eggs poised upon an iceberg, commemorating a fortune made in food refrigeration) are among a handful who cannot be overlooked but the spoils in the shires (as opposed to the cities, where land ownership by the old families diminished rapidly in the 1920s) are still predominantly in the same aristocratic hands, even if death duties and periods of high taxation have taken their toll.

The author is surprisingly brief on the role the National Trust played as a safety-net for great houses, following new legislation in its favour in the late 1930s. She misleadingly states that the Marquess of Lothian set the example by handing over Blickling Hall while continuing to live there. In fact it only became Trust property in 1942 after his death while serving as British Ambassador in Washington.

The enduring impression *that* this book gives, however, is the aristocratic ability to endure. Without passing judgment or revealing where her prejudices lie, Madeleine Beard describes the periods of political impotence followed by periods of political ascendancy (as recently as the Macmillan years), the crippling taxes and death duties deftly side-stepped, while the encroachment of divorce and remarriage merely means that the intricate web of relationships and networks becomes denser still. In most respects the author finds that the 1980s have been good years for her subjects. Not for them the classless society. Socially self-sufficient, intellectually unstretched, the clouds may frequently gather on the horizon but they never seem to get wet.

Gillian Darley

More than local colour

WILLA CATHER: A LIFE SAVED UP
by Hermione Lee
Virago £12.99, 409 pages

SINCE Willa Cather wrote of immigrant communities in Nebraska it would be tempting to see her work as part of the "local colour" tradition in America. But from the start her ambitions were grander. Since she died – in 1947, at the *age of 74* – there have been many books about her, including a spate of studies in the 1980s by such protagonists of feminism as Adrienne Rich.

Now, Hermione Lee has added her voice to the tributes – a voice always intelligent but at times a little naive. For example, why does she feel it necessary to say that Cather's fiction "is not satisfactorily accounted for in biographical terms"? The point about a creative writer, surely, is that she feels as free as God to change the facts if that makes the story better.

Lee begins with a lightening "American studies" tour, setting Willa Cather's work in a context of Emerson, Whitman, Frank Norris and Charles Olson. But there is no mention of the short stories of John Steinbeck, Erskine Caldwell, Hemingway or Faulkner, who – in their own ways – have shown how triumphantly unembarrassing and uncondescending American writers can be when they write about simple characters. If Cather's "fictional life stories" seem not stories at all but life itself, this is the result of a special kind of art.

To her credit, Miss Lee sees this and after a few chapters of biography sets out on a reading of the texts from *Alexandra's Bridge* in 1912 to *Sapphira and the Slave Girl* in 1940. However, the reader's interest begins to fade quite early because Lee assumes that we carry the details fresh in our minds. In other words, this is a book not for the general reader but for academics and students who may be requested, if not commanded, to have the book under consideration in front of them.

Lee refers somewhat disparagingly to James Woodress's "huge, adulatory biography of Cather" (reviewed in the Weekend FT 23.1.88). Yes, of course, Woodress did praise Cather's work but he also did something which Lee does not – that is, take us by the hand and lead us into Cather country in a relaxed and sympathetic way. The good critic puts the reader first, and that is what Woodress does – telling the story at the same time as he comments on it.

This said, however, and with Willa Cather's 12 novels ranged handily beside Lee's commentary, we may appreciate how she has been able to take the woman's point of view without *degenerating* into one of those fanatics who seek to enlist Cather in the movement for Lesbian liberation.

In a separate volume Lee has also selected and introduced 20 of Willa Cather's short stories, including the much-admired "Neighbour Rosicky." At the same time Virago has re-issued *The Song of the Lark* and *Death Comes for the Archbishop* but not, unfortunately, Willa Cather's best novel, *My Antonia*.

Geoffrey Moore

Decade ends with Grade A opera scandal

Our chief music critic Max Loppert airs his views on the axing of Kent Opera

THE YEAR, and the decade, have ended in spectacular fashion, with a Grade A opera scandal. There can be no doubt that the withdrawal of Arts Council funding from Kent Opera, threatened at the end of last month and confirmed at the beginning of this week, qualifies for the scandal category in every particular. (Perhaps one should call it a Grade 2 scandal, in honour of the listed buildings in the City of London due to be demolished by Peter Palumbo, property millionaire and Arts Council chairman.)

It is at root an injustice. It is being enacted for reasons which, as announced, are either insufficient ("patchy and volatile" artistic standards, falling audience levels – as if such criticisms could not have been made in the recent past of Scottish Opera or at the moment of the Royal Opera and Welsh National Opera), self-confirming (Kent Opera blamed for economic difficulties caused as much by earlier Arts Council funding cuts as by any alleged *mismanagement*), or simply inadequate (the regions served will be better provided for in the future – as if any regular Kent patron in such an "inconvenient" location as the Congress Theatre, Eastbourne, is likely to believe that).

It is a scandal because the business of reaching the relevant decision has been conducted in a disgracefully secretive and undemocratic fashion. As the critic Nicholas Kenyon, one of the council's Music Advisory Panel members, made clear (in an *Observer* discussion piece last Sunday, mainly a skilful and rather curious exercise in self-justificatory fence-sitting), the sentence of death was railroaded through the relevant panel meeting – without prior warning or preparatory paperwork given to panel-servers, and therefore with every indication that the decision had been already taken by the powers-that-be well in advance. (Mr Robert Ponsonby, another panel member, has already resigned in protest.) The temptation is irresistible to see the subsequent stay of execution – which after representations from the company had been heard, ended (surprise, surprise) with the original plan confirmed – as no more than a ruse, successful as it turned out, to defuse media attention.

It is a scandal because Kent Opera has been nobbled: the air is thick with the murk of powerful vested interests and "hidden agenda." In the opera world it has long been a discussion point – already well ventilated in 1987, when the first threat to the company's funding was posed – that certain Arts Council officers were gunning for Kent Opera, for reasons that had little to do with the stated ones and much to do with Kent's stubborn artistic independence.

It should, of course, be easier to nobble a small artistic institution than a large one. (Let's not forget the bungled attempt, a few years back, to disband Opera 80, the touring company that the Arts Council had itself founded – a dry run, it seems, for the current successful assassination: in any other public domain, the sheer incompetence of the Arts Council, not to mention its grossly swollen bureaucracy, would by now be the subject of an independent inquiry.) Less fuss is likely to be caused. Not a single one of the national opera-company bosses has uttered a word of public solidarity with Kent Opera: the silence has been deafening. I should love, for instance, to hear the views on this subject of Richard Mantle, Scottish Opera boss, who also happens to be a member of the Arts Council Touring Board. As Kenyon pointed out, the recently promised rise to Covent Garden and the ENO of an additional 3 per cent over the general music allocation amounts to a sum slightly larger than the Kent Opera deficit. The neatness of that equation alone prompts some pretty depressing conclusions.

Finally, it is a scandal because Kent Opera's brand-new team – Ivan Fischer as artistic director and David Pickard as administrator – have been given no chance to prove themselves, and to set in motion plans for self-help already known to (and, they say, not unsympathetically listened to by) the Arts Council at the very time the funding cut-off was being finalised. If state money had been removed from Scottish Opera at the end of Alexander Gibson's rather dismal final period, just before John Mauceri had been given a chance to make his new mark on the company's artistic identity, the current situation would not have been without precedent – and certainly, there would have been just as much justification to finish off Scottish Opera then as there is to do the same for Kent Opera now.

I don't want opera companies finished off: Britain has too *few* of them. I want them all retained, in good health, and better supported by the state. The subtext of the whole situation is the miserable underfunding of all the arts over the last decade – and, though a large crumb has recently been tossed in the direction of the largest operatic bodies, for the majority of British theatrical companies the gloom has in essence not been lifted in the slightest. The "centres of excellence" (what a hideous phrase that is!) will be helped to limp on; all this country's smaller theatrical establishments – those remarkable and peculiarly British enterprises, like Kent Opera, which build hothouses of talent out of next to nothing – must now be quaking in their boots. Kent Opera is not the first victim of the art world in the Thatcherite '80s, but it is without question the most serious.

Lucy Jones: Self Portrait, 1989

Blessed with Flowers

IN THE February of 1970, Angela Flowers opened a gallery in a tiny attic room, a cupboard almost, high above the old Artists' International Association Gallery in Lisle Street, just behind Leicester Square. Subsequently she migrated farther north into Soho, to a marginally larger space in Portland Mews, off D'Arblay Street, and then on again to Tottenham Mews, tucked in beside the Middlesex Hospital, where she remained until last summer. Now she has moved on yet again, this time east to Hackney where, as Flowers East, she deals from a handsome and uncharacteristically spacious new warehouse gallery in Richmond Road.

Mrs Flowers set out to deal exclusively in contemporary British art, offering young or unknown artists an opportunity to show and sell their work, and so she has continued, latterly in partnership with her son, Matthew. "Angela Flowers Gallery 1990," which now fills the Barbican's Concourse Gallery (until February 18), is a celebration of that career, but one that looks more to the present and future than the past, with every artist in her present stable, whether founder member or recent recruit, represented.

But this is not any old anniversary. So remarkable has been the expansion of the market in contemporary British art through the 1980s, with galleries devoted to it now two a penny, that we are inclined to take it all for granted. It was not always so. In 1970 the brief flurry of optimism that had seen the establishment of a clutch of modern galleries in the early 1960s was long over. Galleries such as the Rowan, Kasmin and Robert Fraser, continued sound enough, but the market had closed in and their books were full. Artists had little opportunity to show, galleries were few and collectors were rarer still.

To open a gallery in that Wilsonian twilight to specialise in the young, the unknown and, above all, the modern was a brave thing to do. Mrs Flowers cannot have known quite *how brave it was*, with that long decade of retrenchment still to come. Somehow she clung on by her fingernails through the 1970s, and so hauled herself to safety in the 1980s. Whisper nothing of political coincidence: if we now congratulate her on her present success, the achievement we really celebrate is her survival as a dealer, and the example she set, through long and difficult times.

The Barbican exhibition is beautifully hung in what is one of London's more notoriously difficult spaces, with its endlessly curving walls and corridor-like narrowness. Each artist is shown by a group of works, and each punches his weight, whatever the differences in the work.

Of the old guard, David Hepher is outstanding, with his huge Piranesi-like architectural fantasies, and Tom Phillips shows a substantial set of his autobiographical inscriptions. Michael Rothenstein, John Loker and Derek Hirst are all impressive.

As for the newer recruits, Tim Lewis is ever more entertaining with his cranky kinetic sculpture and Amanda Faulkner never better than with her latest large symbolic pastel drawings. Jane Joseph too draws with considerable authority on a large scale. But for me, most impressive of all is Lucy Jones's larger than life-size self portrait, that is as astonishing for its delicacy on the surface as for its forcefulness and presence as an image.

To finish, I can here do no more than recommend two shows by distinguished artists now well on in their careers, but still too little acknowledged. Indeed Kit Twyford (at Pomeroy Purdy, Jacob Street Film Studios, Mill Street SE1: until January 13 – reopens after Christmas on January 9) has not shown in London for some 20 years.

He is the most wryly inventive of sculptors, gently invoking art historical and physical reference by his metal compositions, now Picasso, now a cloud in the sky, with no lessening of their formal power. And Michael Ginsborg (at Benjamin Rhodes, 4 New Burlington Place W1: until February 3), concentrated and elegant constructivist that he is, shows small work on paper that now grows ever freer in its physical expression and suggestion of space, and ever more open in its invention and association. The work is shot through with a sense of excitement and enjoyment, the more so, perhaps, for being so modest in scale. There is nothing modest in their ambition.

William Packer

CHESS No. 803

1 Rh8. If dxc4 2 Ke7 cxb8 3 Bxh8 Kxg6 4 Bc2. If d4 2 Ra3, 3 Ra8 and 4 Rh8.

Radio

Incorruptible in close-up

WE CELEBRATED the French Revolution in July. We had *Danton's Death* and the *Persecution and Assassination of Marat*; we even had Fouquier-Tinville. But Robespierre appeared only in disguise as *Poor Bitos*, so now we have a new full-scale piece about him from Barrie Keeffe, two-and-a-quarter hours of *Paradise* on Radio 3 on Tuesday.

I don't think Keeffe has uncovered any hitherto unsuspected qualities in Robespierre, any more than, say, Peter Shaffer aimed at new aspects in Pizarro. What matters in historic drama is that, without straying too far from verifiable fact, the result should be dramatically gratifying, and Keeffe's play meets these needs pretty well.

Karl Johnson is his Robespierre. He dislikes the death-penalty; but, having seen a demonstration, is sure that all the conspirators must be put to the "painless, humane, dignified" death of the guillotine. All, that is, except Desmoulins, who writes against him, but was kind to him at school. Certainly including Danton (Oliver Cotton), who flaunts his wealth and his loves before the people.

Robespierre's endless new laws are based towards two ends – virtue, an attribute he seems to see as almost tangible, and faith in his new religion. In honour of the Supreme Being, there is to be a great ceremony in the Champ de Mars, for which David has sculpted a splendid figure. "Is this the last step to Paradise?" asks young Saint-Just (who is James Aubrey.) Alas, the smoke of the fireworks conceals the ceremony, Robespierre's speech ("Half the world has been revolutionised, now for the other half") falls flat. Worse, he is absurdly charged by Vadier with consorting with witches.

Things go worse and worse. Robespierre reads a self-justifying speech to the Committee of Public Safety, then shoots himself. Keeffe gives us an agonizing scene surgeons work on the shattered jaw, to make him fit to ride in the tumbril for the guillotine.

It is an admiring close-up of the Incorruptible, who could write wicked laws and believe foolish faiths, but always because he believes they are right. Karl Johnson's performance reminded me that Robespierre was a comparatively young man, only 36 at his death. Ned Chaillet's direction was refreshingly economical in sound effects.

The only other play I head this week disappointed me. *Death of a Fly* by David Ashton, Radio 4's Saturday play, sounded unusual, but was in most ways a straightforward piece. An insurance company investigates the policy taken out by a retired poet (is there such a thing?) who makes a specimen tape of his own death.

The fly is a fly, who observes what is going on, but instead of doing something significant, is squashed as flies so often are. At least we know now that the traditional fly on the wall does not necessarily overhear much of value. Russell Hunter was the fly, without buzzing, Tom Fleming the poet, Patrick Rayner the director.

Last Saturday, Radio 1 had its second report on the Eighties. There was a good deal of general satisfaction about the things that interest the young – music, clothes, television. Sadly, not a word about sport. World music, as they call it, was approved; it was, and I quote, a stonking decade for live music, as at Wembley Stadium; and this led to thoughts of Nicaragua, Africa, China and stuff like that, though not very practical thoughts.

This was the era of choice, choice of clothes, that is. Choice of course was the result of money, but it really mattered that there was freer choice of style. Style was the keyword of much of the talk. Mrs Thatcher was all right, "the woman's got style." Glasgow came up again, as it did in last week's programme, only more favourably, and it was clear that Michael Kelly, the Lord Provost, also had style. The Ministries of Health and Education came in for routine bashing. The reduction of overmanning by Trade Union reforms was good. In general is sounded as if these Radio 1 listeners were a fairly contented lot.

B.A. Young

Alastair Muir

Griff Rhys Jones and Sonia Ritter in Ben Travers' *Thark*

Farce for the festive season

Richard Usborne, that wise critic, once summed up the world of Ben Travers like this: "The single track dirty mind, the double entendre, the treble think, the quadruple bluff, funny names, funny local yokels, domineering women, pretty girls and the ever swinging bedroom door."

Thark, the farce he wrote in 1927 for the famous Aldwych Theatre team headed by Tom Walls and Ralph Lynn, contains most of these ingredients, particularly the swinging bedroom doors. It is revived as Hammersmith Lyric's Christmas goody in a rip-roaring production by Peter James. Though some moments creak – and after all it's a long time since 1927 – you go home reflecting: "When you've got this, who wants a panto?"

Thark is always viewed as the classic haunted house farce, even though the haunted house isn't reached until the last act and most of the action takes place in a *Mayfair flat*. And even when we get to the haunted house, the only "ghost" turns out to be an intrusive newspaper reporter who has somehow managed to get under the bed.

The Lyric production is, if not exactly held up, certainly enhanced by Dinsdale Landen and Griff Rhys Jones in the original Walls and Lynn roles. The plot is a riot of confusion. Sir Hector Benbow (Landen), a post-Edwardian abomination who can drop aitches with the worst of them, has arranged, in his wife's absence, to take a shopgirl out to dinner. Wife returns unexpectedly; and another caller is a mountainous nouveau riche matron who has bought a house called Thark through Sir Hector and wants her money back because she is convinced it is "'aunted." The identities of matron and shopgirl become mixed up. There is also what P.G.Wodehouse used to call a crumbling butler, played with style by Hugh Lloyd, Benbow's nephew, Ronald (Rhys Jones) and *his girl friend Kitty* (Belinda Lang) are also mixed up among the swinging doors.

People old enough to have seen the original say that nobody can play it as uproariously as Walls and Lynn, but Landen and Rhys Jones do it magnificently. The house roared at the Travers jokes: "Must you follow me all over the flat," complains Kitty. "I'd follow you all over the hurdles," says Ronnie.

Newcomers to Travers may be alarmed at the dreadful treatment of domestic servants and the unashamed manipulation of women. But then farce has always been a hotbed of entrenched reactionism and male chauvinism. And after all, it's Christmas, so you can sit back and enjoy it.

Alan Forrest

Curtain up on Christmas windows

*Ballet brings out the child in you, says **Alastair Macaulay***

CHRISTMAS shopping is work; but Christmas shop windows are theatre. At any time of the year, a window display needs much the same organisation as stage space does. The goods have to be presented in context of depth, breadth and height in a box space for an audience on one side. The New York choreographer David Gordon worked for years designing the famous Adzido window; and learnt, he said, much of his craft thereby.

The shop window is a proscenium arch. You make the displays move – and you have choreography. This year Selfridges has 12 windows that use themes from the Royal Opera House, Covent Garden – plus one of the Hamster Theatre Company on a revolving stage, playing the Ring Cycle one one side and a Christmas scene on the other.

It's a double crowd-puller. Stage designs by David Hockney, Alexandre Benois, Osbert Lancaster and others; and then the eternal fascination of clockwork. Funny thing, though: it may be fun to see human dancers as dolls onstage, in *Petrushka* or the *Nutcracker* party scene, or, in *Coppelia*, to see a dancer playing a human playing a doll, but it's tame to see dolls taking their place.

You have to be careful, too, *how you suggest dancing*. In *The Sleeping Beauty* window the Princess Aurora revolves slowly forever on one pointe. Which is not only impossible, it's also untheatrical. (If a real dancer could do it, you'd say "But she's no better than a clockwork doll.") In another window Cinderella, turning on one locked pointe, holding her broom, isn't as real as her two quarrelsome sisters, tipping this way and that; and none of them are as poetic as the fire that flickers in the grate.

And you have to be careful in your choice of themes. *La Bayadère's* melodramatic tale is of melodramatic passion, and the clockwork reduction of its third scene makes it less convincing than the Hamster Theatre Company's hammy Valhalla. That's why few operas would make good clockwork: their themes are too adult.

Children outside Selfridges' admiring the shop's *Swan Lake* window

But *L'Enfant et les Sortileges* – an opera whose first staging was by the choreographer George Balanchine – makes good shop theatre, especially in its 1981 Hockney designs. Half the fun of this work is seeing inanimate objects come to life, and that's so at Selfridges'. The two halves of the teapot lean to and fro; the teacup has its its routine too. The skating scene of William Chappells' designs for the Ashton ballet *Les Patineurs* are a Victorian Christmas card come to life.

If I could send window-designers and choreographers to one window at Selfridges', it would be to another piece of mock-Victoriana – *The Dream*, Ashton's 1964 ballet. Bottom, translated into an ass, sleeps with Titania in her bower; Oberon stands by aloof; Titania's four fairy lieutenants bow to their sleeping queen. Any ballet buff could tell you that the dancers' legs aren't correctly placed, and yet these four fairies – the only things moving in the window – are made with balletic wisdom. They lean from the waist in a uniquely Ashton way – each with arms raised en couronne to frame her head. Your eye is drawn to the foot that each one point before her, to the waist that bends and to the motionless sleepers in their bower.

Ballet is like Christmas anyway. It brings out the child in us. But I came nearer to the fun of ballet with other shop-windows this Christmas. Not for a moment with the tasteless snow-kingdoms of Harrods. And not really in the clockwork Forty Thieves of Simpsons, Piccadilly, although they were helped by an ingredient that would have been welcome at Selfridge's – music.

But the windows that spellbound me best this Christmas were at Liberty's. Each is a Fairy Tale from Russia – there are eight in all – and each is funnily and subtly told. The detail in the window that moves is the one that illumes the story. The Firebird flaps her wings; the Red Dancing Boots move by themselves; the Giant's store of gold pours down in a perpetual stream after Jack cut the beanstalk.

Yet here there was a snag too. Liberty's windows are Russian to draw you to their Russian departments inside. Once I'd seen the Russian version of *Cinderella*, *Valentina*, in which the only thing that moves are four tiny frogs hopping on the heroine's train as she rushes from the ballroom I knew I had to read these Russian tales. Fighting my way to the book department I asked the obvious question: "Do you have Fairy Tales from Russia, please?" The assistant, who had plainly been asked the question before, said "No."

SPORT

Trevor Humphries

David De Ville: Wentworth's members aren't interested in swanky London food

The Wentworth 'Boat People'

***Richard Donkin** looks at a Japanese assault on an English golf course*

ANGLO-JAPANESE relations were strained slightly the day that Mamoru Miki and George Devlin encountered each other on the terrace of Wentworth Golf Club during the final round of the Suntory World Matchplay Championship.

As Nick Faldo and Ian Woosnam battled on the greens, the normally sedate terrace of this world famous club witnessed a much fiercer confrontation between a Japanese national upholding the traditions of English golf and a British businessman worried about the outcome of a big deal that was having repercussions way beyond British shores.

It must have seemed a strange sight for the visiting officials of Suntory to witness one of their own countrymen standing on a chair berating the owners of Wentworth after he had been asked to leave the club for distributing a press release. The paper attacked the way Chelsfield, the private company chaired by Elliott Bernerd, a 44-year-old property entrepreneur, was proposing to develop the club, escalate membership fees and introduce a new crop of corporate members.

Miki, managing director of Cores Europe, a consultant to the Japanese electronics industry, had been asked to stop distributing the release in the press tent. He returned to his seat on the terrace, but was alarmed when a burly young man removed one of the leaflets from the pocket of his jacket, draped over a chair, and ran off with it. Miki ran after him but the paper was passed to another man who disappeared into the club.

Minutes later Devlin, the vice-chairman of Chelsfield, appeared holding the release in his hand and asked Miki to leave. However, it was Devlin, who retreated under the ensuing tirade. This extraordinary *war between the developers, Bernerd* and Devlin on one side, and the die-hard members on the other, has degenerated into a gloves-off struggle with behind-the-scenes scheming on both sides.

It comes at a time of growing interest in British golf clubs from Japanese commercial interests used to paying vast sums for their golf in Japan. Memberships of many of the 1,500 clubs in Japan are traded like stocks and shares and can change hands for hundreds of thousands of pounds.

The idea of a phalanx of Japanese golfers advancing slowly up the Burma Road, the name of Wentworth's most famous course, has been enough to make some of the older members splutter on their gin and tonics – not that they can afford them any more. A hole in one at Wentworth has been something to avoid since Chelsfield took over and put up bar prices. The company is encountering widespread dissention among the rank and file membership faced with escalating annual subscriptions which in some cases are projected to rise to £2,600 a year by 1993.

The dissident members, organised under the campaign banner of Wentworth Members Action Group, describe the development as the "greatest threat to British golf at the present time." Those members at odds with the deal are questioning the necessity of recruiting one of the country's top hotel managers to run the club. Willy Bauer, former managing director of London's Savoy Hotel, has been appointed – on a salary of £100,000 a year with a profit-related bonus – as group chief executive responsible for day-to-day running of the club.

Membership terms for younger and older members were recently improved and Bauer claims members are now much happier with the proposals. "About 90 per cent of the members today are in favour what we are doing," he said. The dissidents, however, deny this.

According to David de Ville, the retiring club captain, many of the playing members, while appreciating a recent £1.2m uplift to the decor of the club, are not interested in the swanky London dishes introduced by Bauer. "They don't want nouvelle cuisine with flunkies charging about; they want steak and kidney pie," says de Ville.

As a proprietary club, Wentworth was never owned by its members, unlike the snootier Sunningdale, its near neighbour, where members are selected by invitation only and where, at £720 for the current annual subscription, the golf is cheaper.

Wentworth had been owned for 14 years previously by Amec, the construction group, which agreed to sell the club for £17.7m last year to joint buyers Chelsfield and Benlox. Chelsfield is the UK subsidiary of Chelsfield Investments International, a Panamanian-registered company. According to records at Companies House, Bernerd has an interest in 50 per cent of the share capital of the ultimate holding company. He says the company is held in trusts administered by the Rothschild family.

Chelsfield bought out Benlox's share and embarked on a business plan to turn the initial investment into a company valued at £80m. Bernerd is not a golfer. He is, however, credited as being one of the smartest operators in a market that is not known for taking prisoners.

From very early on in the Wentworth acquisition, Bernerd decided that the members were getting their golf on the cheap. His idea was to bring in more corporate members, but the most novel element of all was to sell 40.1 per cent equity stakes at £800,000 each. This would raise £32m to get rid of the purchase debts and leave Bernerd in control.

Numbered confidential memorandums were sent out by Nomura to prospective investors. Many of these were Japanese companies used to paying large sums for their golf in Japan where the shortage of courses means that only wealthy people can afford club membership.

Two factors working against the plan were a reluctance to pay Japanese golf prices in England, and a real fear of anti-Japanese feeling on British courses. The Japanese press homed in on this. Even the Japanese embassy was moved to make discreet inquiries at Nomura about what was happening, ahead of the visit to Tokyo in September by Mrs Thatcher, the UK premier.

Lord Young of Graffham, the former Trade and Industry Secretary, accompanying her on the visit, was so disturbed about possible ructions for Anglo-Japanese trade that he offered to help Bernerd when he returned and put out a personal statement backing the plan.

As a keen golfer, who once played off a handicap of one, Lord Young said that Chelsfield's proposals were necessary to raise the standard of the club to the highest international level while keeping overall control in British hands.

Nomura and Chelsfield have announced that all the shares are in place and that about 22 per cent of the equity is now held by Japanese companies. They will not say who has bought the shares. Only the Savoy Hotel, which acquired three as part of a swap deal with Chelsfield, has declared its holding. Nomura itself says it has "one or two" but is not keen to publicise this.

The reason behind this reticence is unclear considering the difficulty which Chelsfield had in making the placings: the deadline had to be extended because of reservations among potential investors. Chelsfield wants to build a new 80,000 to 100,000 sq ft clubhouse that promises to turn Wentworth into one of the world's super clubs.

Nomura took 10 months to prepare what seems an impressively detailed memorandum. It includes projections that say, subject to a number of caveats, that the club will earn its shareholders an annual return on their investment in excess of 21 per cent with pre-tax profits exceeding £16m a year by 1992.

The action group is sceptical about the claims but Bernerd says he is confident the returns can be achieved, whether or not the full development is allowed. He already has plans approved for a 62,500 sq ft clubhouse, double the size of the existing one, though he has asked Arup Associates to work on another design.

The involvement of the millionaire householders on the adjoining Wentworth Estate is a further ingredient in the controversy, particularly the workings of Kenneth Bagnall QC who has led a guerrilla war designed to curb the wider ambitions of the developers.

Bagnall successfully opposed a private parliamentary bill in the last session that was designed to replace the 1964 Wentworth Estates Act. The act gave the residents of the estate statutory powers to collect a rate among themselves for the maintenance of the 14 miles of roads on the estate and to enforce restrictive covenants.

The new bill was promoted by the residents to establish different ways of collecting maintenance costs once the domestic rate was abolished under the Local Government Finance Act. The Wentworth roads committee, responsible for collecting the rate, agreed to abandon a number of restrictive covenants so as to allow Chelsfield to develop the club within about an acre in the hope that the remaining covenants banning any further developments would be made water-tight under the legislation.

Bagnall opposed any concession to the developers, however, and the Commons committee ran out of time and patience to take it any further. Donald Nimmy, chairman of the roads committee, said: "I think the politicians got fed up with listening to what appeared to be a lot of wealthy residents bickering among themselves."

Bernerd, who is taking over the chairmanship of the club in January to become more involved, reckons that demand for golf around London will continue to expand strongly. His own market research – suggesting the need for 500 new golf courses by the year 2000 – looks conservative alongside a report by the Royal and Ancient Golf Club of St Andrews which suggested the need for another 700 courses by the turn of the century.

The trouble with Wentworth, he said, was that it was left alone so long that members felt as if they owned the club. "It came as a shock when they were reminded that they didn't. They should be thinking what a comfortable time they had for so many years."

De Ville won a standing ovation from about 400 members at the annual meeting last November when he said: "It grieves me that Wentworth club, a piece of national golf heritage, has become a crude commercial exploitation, and our much cherished club atmosphere will be destroyed as a consequence."

The Wentworth members have been left largely to fight their own battle. Other clubs in the area call them the "Wentworth boat people" because they have no chance of getting into another club. And other clubs are beginning to look over their shoulders at the possibility of corporate bids.

A rallying pamphlet produced by the Wentworth Action Group at the time of the annual general meeting declared: "The shrimp and cocktail brigade have left the tents for the clubhouse, and it matters not that the first waves are downing raw fish and saki."

Yachting

Blake's long shadow

VARIETY IS what keeps sailors coming back to the Whitbread race. Today the 23-yacht fleet left Western Australia on the 3,400-mile third leg to Auckland. Most of the way the crews are likely to be sailing in shorts and T-shirts. Just a month ago these same competitors were arriving in Fremantle gaunt and still shivering after a pell-mell run through the snow and icebergs of the Southern Ocean.

Steinlager 2, the giant red ketch skippered by Peter Blake, begins the leg with an accumulated 13-hour lead over her nearest rival, Merit. Another 20 hours separates the Swiss sloop from another ketch, Fisher & Peykel, with the British entry Rothmans two hours behind her.

It is already apparent that, barring intervention from the Great Helmsman, the overall winner of the 1989-90 Whitbread will come from within this group of four boats. In commitment, skill and technology they stand apart from the rest of the fleet.

Since both Steinlager 2 and Fisher & Peykel represent sailing-mad New Zealand, their entry into Auckland harbour around two weeks from now is likely to be spectacular. When two NZ yachts were the first arrivals four years ago, more than 100,000 Kiwis turned out on cliff-top and beach to watch.

Grant Dalton, skipper of Fisher & Peykel, has not been a happy man since leaving Southampton 12 weeks ago. Dalton, an up-and-at-'em rather than cerebral sailor, has found bad luck everywhere. Handily placed on the run into Punta del Este at the end of Leg 1, a freak wave swept Fisher & Peykel's mizzen mast overboard costing them many hours in damage control and lost speed.

On the downwind sleigh-ride towards Fremantle it was again Fisher & Peykel in the lead for most of the final week. But on the final night of the leg the ketch was becalmed. Barely 20 miles to the south – and against all meteorological sense – Steinlager 2 found some wind and sailed to victory. "Blake was sailing on his own private breeze," said Dalton, after finishing three hours behind his lifelong rival.

If the calm and charismatic Blake has a secret weapon it is probably his navigator and weather-specialist, Mike Quilter.

As the yachts head south down the WA coast and then turn east for the 1,800-mile slog across the Bight to the southern tip of Tasmania, he will need all of that skill.

"This could be the most complex leg of the whole race tactically speaking," said Quilter. "It will all depend on reading the high pressure system that usually sits in the Bight."

Every four to five days, on average, the high breaks up and the yachts could run ahead of a trough on a straight course to Tasmania. If the anticyclone is static, they must go south and look for the anti-clockwise winds along its lower rim.

Unlike the first two legs, the yachts this time will be relatively close to land. As a result, weather data will pour in from Australian and NZ met stations. Steinlager 2 has two Apple Macintosh computers providing weather-routeing solutions for Blake. But first the isometric charts have to be digitalised so that the computer can absorb the information. "That's where the art comes in. Until that point it's science," said Quilter.

From Steinlager's point of view the next stage of the race will need a cautious approach.

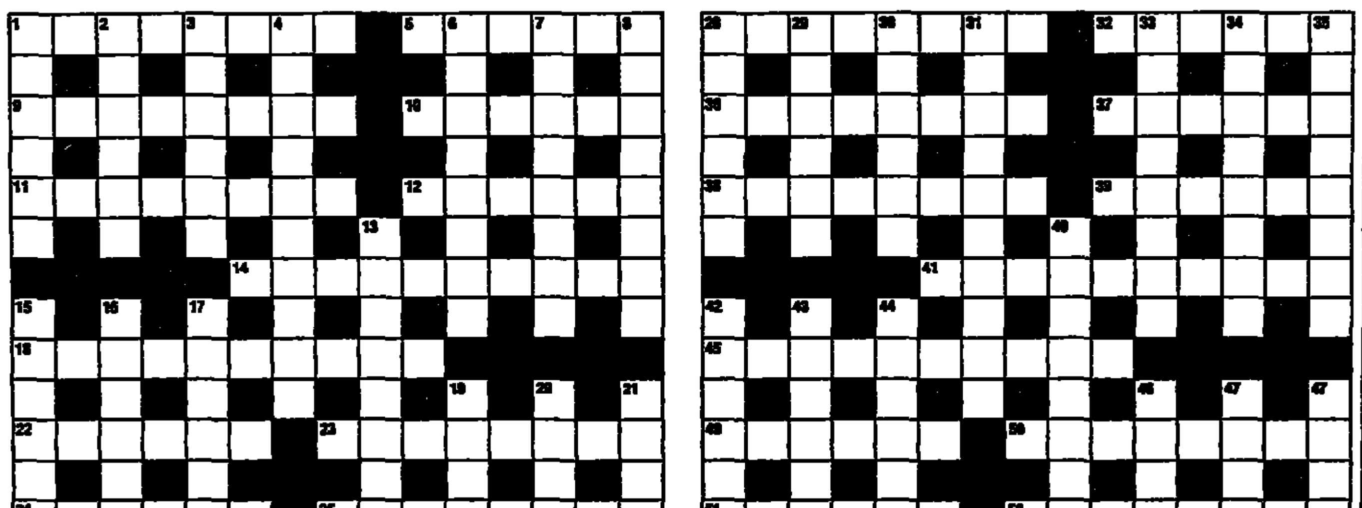
The boat's sponsor, New Zealand's biggest brewery, is desperate to see them first in through The Heads. Blake and Quilter are more anxious to cover their main rivals, Merit, Rothmans and Fisher & Peykel, to preserve their lead for the final half of the race round Cape Horn and back to Britain via Uruguay and Florida.

While the four heavyweights are playing box and cox, it is entirely possible that one of the ultra-light "fliers" like Fortuna, Charles Jordan or even the Soviet boat Fazisi could make a lucky tactical gamble and find themselves heading the fleet up through the Tasman Sea towards Auckland.

It may stick in New Zealand craws if they have to give line honours to a bunch of "foreigners." But nothing will change the fact that Steinlager 2 is even more the bookies' nap to win this Whitbread than she was leading the fleet out of the Solent on September 2.

CHRISTMAS CROSSWORD

Set by CINEPHILE



Prizes of £25 each for the first 10 correct solutions opened. Solutions to be received by Wednesday January 3, marked Christmas Crossword on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 6.

Name..........

Address..........

....

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Each 8-letter across solution is paired with a 6-letter one, and their clues (which are usually brief) are run together; each pair's letters can be jumbled to make a familiar title (9,5).

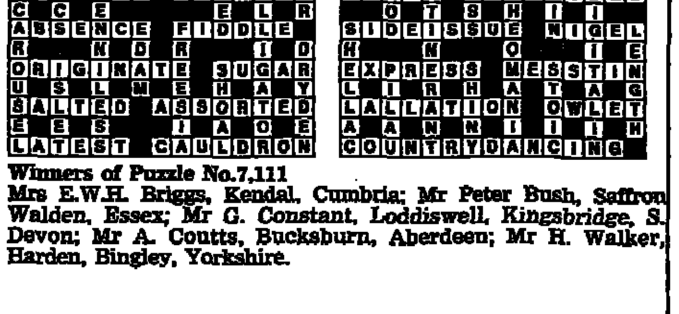
ACROSS

1, 32 Last roundsman who comes by O'Neill? (8; 6)
5, 9 Panel application (6; 8)
10, 38 One going to join alter ego, for example (6; 8)
11, 37 Cold fix (8; 6)
12, 27 Fleur-de-lis maybe concerned with meaning (6; 8)
14 Crazy old city with one street worker at hand (10)
18 A short weed, within regulation, for putting back in ground (10)
22, 28 Cosmetic digs in Cornwall (6; 3-5)
23, 26 Via junction that isn't allowed (8; 6)
24, 25 Cause to catch prime mover of craft (6; 8)
26, 27, 28 and 32 See 23, 12, 22 and 1
36, 51 Maybe my favourite wound as Cockney is not a patient person (4,4; 1,5)
37 and 38 See 11 and 10
39, 54 Shrine of virgin daughter of prophet isn't on the level (6; 8)
41 I'm replacing article in room for communication (10)
45 Tradesman in Germany entertaining crazy moron (10)
49, 50 Finds room for application (4,2; 8)
51 See 36
52, 53 Italian friends of Julius Caesar? (8; 3,3)
54 See 39

DOWN

1 Spur to princely sound (6)
2 Religious unions authorised by Pope (6)
3 Clear corollary of energetic ego? (6)
4 Father Christmas picks up a car to old Colombian city (5,5)
6 A border in – let me see – an ancient Italian town (8)
7 Small vessel for shrewd family, we hear (8)
8 Divided into small pieces, aren't punctual about love (8)
13 Traditional fare provides king and men with a slice (6,4)
15 Writings on the wall: count suitable one (8)
16 Particular gamble, provided it's over one hundred (8)
17 Barrier like coppers for capital (8)
19 Sign appreciation of internal folds (6)
20 Whole performance follows split injunction (6)
21 French sauce, I see, for audience (6)
28 Deal with gear (6)
29 Number in exchange for Romans (6)
30 Baby insect follows after (6)
31 Joining up of broken lines, large number, in shelter (10)
33 Indian fare for tea: Irishman spilt it (8)
34 Moulds that form degree minute seconds? (8)
35 Independent number at New York drinking up gin? (3-5)
40 Put gin into limited *amount* with tears (10)
42 Repeated jazz phrase to service French mob (8)
43 Agreement to reduce (8)
44 French gentleman well placed in a church atmosphere (8)
46 Spoke to painter at face (6)
47 Sight of half a dozen at holy city (6)
48 Something wrong: catch up with game (6)

Solution to Puzzle No.7,122 **Solution to Puzzle No.7,111**



Winners of Puzzle No.7,111

Mrs E.W.H. Briggs, Kendal, Cumbria; Mr Peter Bush, Saffron Walden, Essex; Mr G. Constant, Loddiswell, Kingsbridge, S. Devon; Mr A. Coutts, Bucksburn, Aberdeen; Mr H. Walker, Harden, Bingley, Yorkshire.

Review of 1989

Soccer's tragic year

***Philip Coggan** and a tale of triumphs and disaster*

THE HISTORY books may select 1989 as one of the key years of the century, but the world of sport was having one of its leisurely years. With no World Cup and no Olympic Games, the year was marked by contrived "super contests" such as the Bruno-Tyson and Leonard-Duran fights.

Once again, the petty squabbles of sport were overshadowed by tragedy. The details of the Hillsborough disaster, where 95 football supporters died, are burnt sufficiently into the memory to need no further description here. Lord Justice Taylor has yet to present his final report, but one can only *hope that football will finally* make the effort to treat its customers as humans to be entertained rather than cattle to be herded.

There was a brief period after Hillsborough when it seemed as if the football season might be abandoned. Instead, the League and FA ploughed on, with the old argument that the dead "would have wanted it that way." How convenient.

Football concluded an unhappy year with a British minister pleading for England to be seeded in the World Cup and isolated on the island of Sardinia, because of the potential violence of its fans. The T-shirts - England Invasion 1990 – are already on sale outside grounds.

It was a relief, after Hillsborough, to turn from tragedy to comedy and the England cricket team. After 1988, when England appointed four captains but still won only one Test match – against Sri Lanka – it was hard to imagine the country's cricketing fortunes deteriorating in 1989.

They did. Ted Dexter became the sport's supremo amid high hopes of a dashing new era and with strong hints that he wanted to see the reappointment of David Gower as England captain. Gower was duly appointed, but only after a behind-the-scenes row in which Dexter switched his vote in favour of Mike Gatting only to be over-ruled. The confusion duly offended Gatting and no doubt contributed to his decision to lead a rebel tour to South Africa.

On the field, the farce continued with England losing the Ashes by a margin of four Tests to nil. Perhaps one should forget England's travails and simply salute the Australians. Within a series, Mark Taylor emerged as a world-class opener and English spectators were able to witness the batting of Steve Waugh, which many experts were willing to compare with the greats of the past. There was also modest and gentlemanly Terry Alderman, a model for all aspiring bowlers, wheeling away on line and length and exposing the deficient techniques of the English players.

The performances of British soccer and cricket teams have been mediocre for so long that one needs to pinch oneself to be reminded that the games were invented in Britain. As

British team game performances have declined, those in individual sports have improved. A good example is athletics, where this year Britain won the European Cup and finished third in the world competition.

Such a performance would have seemed unimaginable back in 1972 when Britain was reduced to *just one* athletics gold medal (Mary Peters) in the Munich Olympics. Since then, Britain has produced not only outstanding individual athletes (such as Coe or Ovett) but has also broadened its strength in the field events.

Similarly in golf, after a period of around 30 years in which the sole British winner of a golfing major was Tony Jacklin, the UK has discovered a crop of outstanding players – Lyle, Faldo, Woosnam – one of whom is nearly always in the running for a major title. This year, Faldo succeeded Lyle as US Masters champion, while Woosnam tied for second in the US Open. And Europe's success in retaining the Ryder Cup still owed, Ballesteros and Olazabal notwithstanding, much to the British and Irish players who formed the bulk of the side.

One explanation for the decline in team game success might be the falling standards of school sport facilities. It needs organisation to produce stumps, bails, bats, pads, gloves and a flat pitch for a cricket match. Football might seem simple enough to organise but youngsters still need coaching if they are to learn passing skills and ball control.

However, anyone can go out for a jog, and Britain's enthusiasm for running is illustrated by the massive turnout for the London Marathon. And any *middle class child can probably* find his way to the local golf course, where coaching will normally be available.

Perhaps the individualistic spirit of the age determines sporting prowess. Both athletics and golf are essentially solitary pursuits – *tennis*, in which Britain has long lacked a champion, requires someone on the other side of the net. But it is unwise to generalise too far. Only luck can have ensured, for example, the emergence of Boris Becker and Steffi Graf as contemporary West German champions.

Graf has looked invincible for some time (although she did lose to Arantxa Sanchez in France), and Becker now seems able to dominate the game whenever the day and the surface allow his serve to find a rhythm. This year, the young German pair shared the Wimbledon and US Open titles, and Becker led his national team to a successful defence of the Davis Cup.

Some relief from this domination of power was provided by young *Michael Chang*, the 17-year-old American who won the French Open. Chang's serve is little stronger than Ken Rosewall's and he even won a point when, suffering from cramp, he served underarm to his bemused opponent, Ivan Lendl.

Cunning, skill and flair – these are all elements of sport which stand out in fans' memories. Sheer power and brute force quickly become boring in their want of subtlety. At match point in an early Wimbledon round this year, Arantxa Sanchez played a drop shot from the back of the court which was an outright winner. May there be more such moments, and no more tragedies, in 1990.